



CORPORATE PLAN

2021/22 - 2023/24



Table of Contents

1. Message from the Chairman.....	4
2. Message from the Chief Executive Officer Delegated	8
3. About this Corporate Plan	10
4. ATNS Business Overview	11
5. Strategy	20
6. ATNS Safety Management.....	52
7. Operational Efficiency	54
8. Financial Overview	56
9. Infrastructure Development - Asset Value Creation	61
Annexure A: Governance Structure and Control Framework	67
Annexure B: Risk Management Plan	81
Annexure C: Fraud Prevention Plan	87
Annexure D: Materiality and Significance Framework.....	90
Annexure E: Borrowing Plan	92
Annexure F: Hedging Policy	94
Annexure G: Human Capital	95
Annexure H: Employment Equity Plan	99
Annexure I: Safety Management	102
Annexure J: Corporate Sustainability Plan	104
Annexure K: ATNS Growth Strategy.....	109
Annexure L: Information Technology (IT).....	113
Annexure M: Company Information	115

Appendix A: Shareholders Compact.....117

Appendix B: Key Performance Indicators137



OFFICIAL SIGN-OFF

I hereby confirm that the Air Traffic and Navigation Services (ATNS) Corporate Plan:

- Was developed by the management of ATNS under the guidance of the ATNS Board;
- 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 which ATNS will endeavour to achieve over the 2021/22 – 2023/24 period.



23 February 2021

Simphiwe Thobela

Date

ATNS Board Chairman

1. Message from the Chairman

ATNS' stated vision is to be the leading provider of air traffic management (ATM) solutions in Africa. Despite a shareholder-approved strategy (*Strategy 2025*), our business-as-usual activities and execution plans were interrupted by the outbreak and spread of the coronavirus pandemic (Covid-19) towards the end of the fiscal year. However, our clarity of focus, together with a sharpened vision will enable us to further cement our regulated business. Notwithstanding global macroeconomic uncertainty, we aim to create new partnerships and growth opportunities within our non-regulated business.

Despite ongoing challenges, we have maintained our position of being a leading provider of air traffic management solutions. We continued to invest in our employees, our communications, navigation and surveillance (CNS) infrastructure and upgraded our operational and training facilities. This has served us well in these uncertain times.

Adjusting our strategy to ensure resilience and agility

ATNS undertook a process to adjust the approved Strategy 2025 in response to the shifts taking place in the global environment due to the onset of the Covid-19 pandemic. This adjustment process highlighted the importance of striking the right balance between seeking out new revenue-generating opportunities within the non-regulated space through industry innovations while, at the same time, ensuring that our regulated business is safely and efficiently run. The Board reiterated the importance of adopting a strategy that is both agile and resilient, and one which will ensure a robust organisation despite mounting macroeconomic uncertainty, global socio-political instability, and unforeseen risks and opportunities.

Amid the Covid-19 pandemic, our customer requirements have evolved; health and safety concerns have been elevated; and environmental pressures are increasing. As an organisation, to stay competitive and meet the demands of our stakeholders in a changed work environment, we are looking to adopt digital solutions that will enable us to be more agile in the way we operate.

In adjusting the Strategy 2025, we considered the changes in our environment since the outbreak of the pandemic and reassessed both the opportunities and risks presented by developments locally and globally. Our adjusted Strategy 2025 keeps us focused, setting a clear path to navigate this turbulent period in the short-term, but also deliver sustainable growth and ongoing value for all our stakeholders

over the medium- and long-term. Alongside our strategic focus areas, we have defined several adjusted targets to measure our executive team and organisational performance. As a Board, we continually monitor performance against these targets and when necessary, revise them to consider changes in the global and industry playing field.

Scenario-planning in the wake of a global pandemic

This global pandemic has impacted all our lives in ways we could not have imagined. I am immensely proud of our ATNS executive team and our broader employee base who rose to the occasion during these extremely challenging times. The determination, delivery, and devotion from the ATNS team in its entirety has allowed our services to continue during this intense period of uncertainty and humanitarian need.

Our stakeholders, especially customers, have relied on the critical support we provide, especially in instances where cross-border travel has been curtailed. The services and solutions we provide have helped businesses to continue to operate, albeit during a period of extended physical isolation and limited travel. We continue to facilitate the transportation of much-needed food and medical supplies to city centres and more remote locations; enabling repatriation and business travel, and ensuring that governments, both on the African continent and beyond, can lead the state of emergency response effectively.

In assessing the immediate as well as the long-term impact of the Covid-19 pandemic, management developed a range of scenarios to assess the resilience of our business model and revenue-generating streams. In tandem, we asked that the executive team propose regulatory interventions, as well as adjacent business development areas, to ensure sustainable and long-term value creation, and to overcome the current and longer-term effects of the pandemic. Our executive team has also been working with our Hon. Minister of Transport, Mr Fikile Mbalula, and his advisors in evaluating sector-related proposals, which will serve to ensure the sustainability of aviation entities while ensuring the health and safety of people.

The Corporate Plan remains closely aligned to the adjusted Strategy 2025 and incorporates amended key performance indicators, given changes to the external environment, and our assessment of the shifting sector landscape over the next 18 months.

Driving a resilient financial performance

Against this bleak backdrop and to limit any decrease in profitability, the Board approved cost-containment initiatives throughout the company which has ensured that we maintain a stable financial position during the Covid-19 pandemic. This puts ATNS in a better position to raise funding for both imminent capital expenditure and to continue to buffer the financial hardship our sector is experiencing in the wake and anticipated aftermath of the global pandemic.

Enhancing our technology and skills base

Even before the outbreak of the Covid-19 pandemic, our ambition was to transform our business from a conventional air traffic management business into a future-proofed, digital company that plays a leading role in the aviation sector on the African continent. We continue to invest significantly in our CNS and IT infrastructure. We have taken valuable strides in developing and acquiring the necessary digital skills. Our investment in infrastructure and people is informed by our drive to be a purpose-led company; providing safe and efficient air traffic management solutions.

Promoting good governance

ATNS continues to have well-functioning governance structures with a good balance of skills and experience. Board will continue sourcing specialist functional expertise in critical areas as required as well as develop governance processes to enhance our existing framework.

During this difficult period the ATNS Board has continued to play its oversight role through the various Board committees. I extend my gratitude to my fellow Board members for their wisdom, insight and energy in guiding ATNS to yet another stable financial and operational performance. In the coming year, we also look to conclude the permanent appointment of the Chief Executive Officer.

Our commitment

The 2021/22 – 2023/24 Corporate Plan has also reflected on the priority interventions set in the South African Economic Reconstruction and Recovery Plan. The plan sets out a reconstruction and recovery plan for the South African economy that is aimed at stimulating equitable and inclusive growth. The Corporate Plan has aligned our Key Performance Areas to this plan.

The Board and I are encouraged by the fact that ATNS has the right people, strategy, business focus, and culture to deliver on our ambitions of becoming a leading provider of air traffic management

solutions that plays a meaningful developmental role in the markets in which we operate. We look to the future with both hope and optimism.

Wherever you may find yourself, please stay safe.

2. Message from the Chief Executive Officer Delegated

Air Traffic and Navigation Services SOC Ltd (ATNS) continues to face challenging operating conditions as a result of declining air traffic movements, which is directly linked to our ability to generate revenue and sustain our operations. We, however, strive to continue with our commitment of reducing operating costs and preserving cash whilst driving much needed digital transformation and modernisation programmes. In line with the National Development Plan 2030 and the Medium-Term Strategic Framework, ATNS is redefining its organisational values and culture to ensure that they align with our Strategy 2025 and the 'new normal' we find ourselves in. We aim to focus on securing a firm foundation for the organisation through superior performance and stabilising our processes and systems. Our adjusted strategy ensures that in the short term ATNS is positioned to recover from the impact of the Covid-19 pandemic. Beyond the immediate 12 – 18-month future, ATNS will reposition itself for sustainable medium- to long-term growth. Our Strategy 2025 pillars remain intact, although we have had to reprioritise some of the strategic objectives as well as reset our operational drivers and key performance indicators

ATNS is an integral part of the larger world of global trade and travel. Robust instant communications and rapid technological developments dictate that decisions and events anywhere around the globe affect how we interact with our stakeholders and do business with our counterparts almost immediately. The impact of the Covid-19 pandemic on the global and domestic economy, the aviation sector and ATNS in particular has had several dire implications. The easing of travel restrictions globally is a key requirement for the steady recovery and sustainability of the aviation industry.

Declining aircraft movements impact the organisation's ability to generate sustainable revenue for its operations. Our focus on cash and cost management will ensure that ATNS remains a going concern. We continually engaging DoT entity stakeholder and the Industry as part of efforts to resuscitate a struggling aviation industry. Information Technology remains one of the most important and strategic enablers on the journey to business modernisation, digitisation, and continuous improvement at ATNS.

In order to drive strategic objectives of creating an agile and innovative enterprise, expanding and diversifying our training product line, ATNS will provide technology capabilities, infrastructure, and solutions required to support these initiatives. We remain committed and on track in the implementation of an Enterprise Resource Planning (ERP) system to tackle inefficiencies, and a cybersecurity programme to protect our information and systems, specifically relevant in these "work

from home” times. Our training academy will not only focus on the diversification of the product line but also on driving modernisation and digitisation to deliver adaptive & efficient learning. This will evolve beyond traditional training methods to secure new revenue streams and products.

We have come through a challenging 2020/21 financial year; however we remain resilient as each of us continues to play our role. As the executive team we express our appreciation to the Board for its leadership and the people of ATNS for their continued dedication

3. About this Corporate Plan

3.1 Scope and boundary

The Corporate Plan is presented to comply with the requirements of Section 52 of the Public Finance Management Act (Act 1 of 1999), Treasury Regulation 29 and the King IV Report on Corporate Governance™ in South Africa 2016 (King IV™).

As a result of the Covid-19 pandemic and its impact on the aviation industry including ATNS, the Corporate Plan targets were adjusted and approved by Board on 28 August 2020. The adjusted Corporate Plan was submitted to the Shareholder and approved.

This Corporate Plan is forward looking for the 2021/22 – 2023/24 period.

3.2 Statement of Precautionary Approach

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 wellbeing and its beneficiary. When transport systems are efficient, they provide economic and social opportunities that benefit the economy.

Air traffic movements and the growing demand during peak times are the prime drivers for sustainability for ATNS. Over the past ten-years, the domestic macroeconomic variables have become more volatile which presents major challenges for most industries including the aviation sector.

More recently, the advent of the Covid-19 pandemic resulted in a significant decrease in billable air traffic movements globally and, notably, in South Africa. Significant uncertainty remains in the industry despite the easing of lockdowns the world over.

In revising the Corporate Plan, the organisation has taken into account the impact of the pandemic on the ATNS Strategy and the resultant adjustments in our plans. The novel Covid-19 pandemic has caused a shift in the environment and has defined a ‘new normal’ that is necessary to recover and sustain the business.

4. ATNS Business Overview

4.1 Business Model

4.1.1 Regulated Business

Guided by the socio-economic needs of our society, ATNS is cognisant of the fact that operations and growth should not be segregated from the Shareholder developmental outcomes, which the entity is mandated to achieve. ATNS' mission is "To provide safe and efficient Air Traffic Management solutions". This is achieved by attracting and retaining highly skilled Air Traffic Controllers (ATCs) supported by world-class Communications, Navigation, and Surveillance (CNS) infrastructure.

The organisation's objective is to ensure that it delivers on the mandate while ensuring that it remains financially sustainable in the long-term. By meeting these key objectives, ATNS can make a significant contribution towards the development of South Africa, its people, and the aviation industry. Global and regional linkages propel the organisation to be a significant player in the industry. The current regulated business model of the organisation is shown in Figure 1 below.

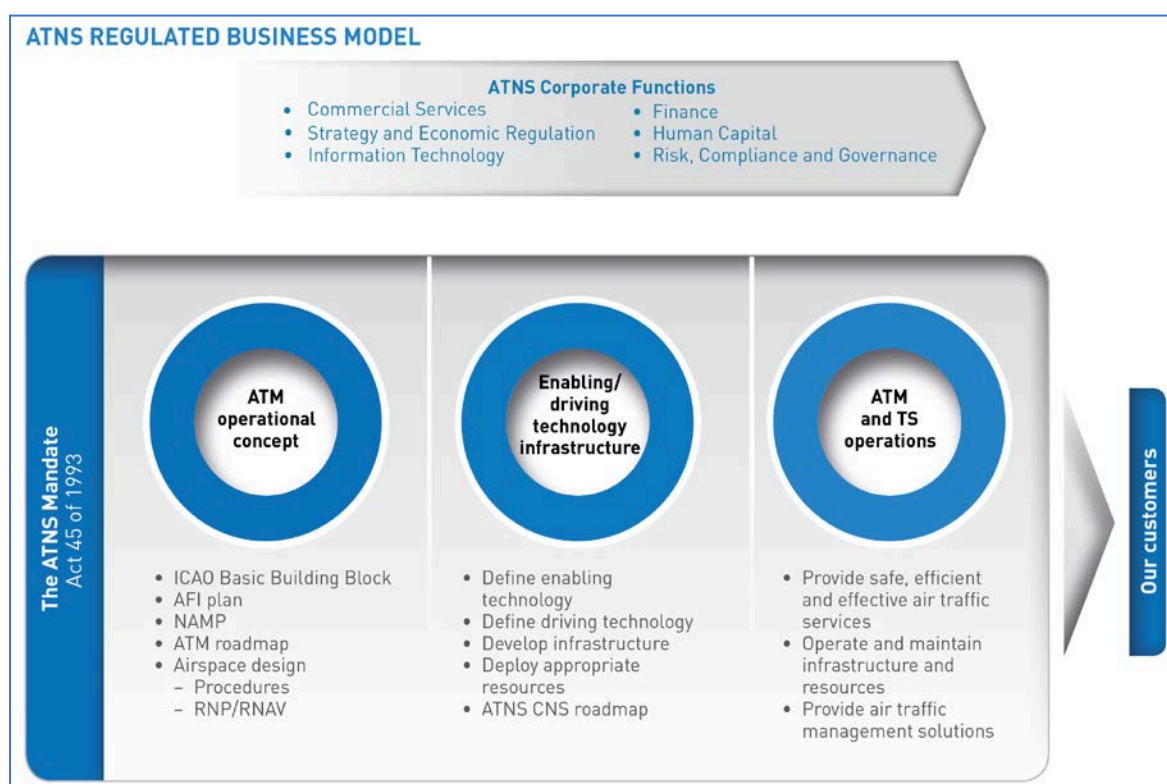


Figure 1: ATNS Regulated Business Model – Corporate Functions

Historically, approximately 88% of ATNS' revenue has been generated through its regulated business. ATNS air navigation services and infrastructure consist of three main components:

- Communications, Navigation, and Surveillance infrastructure;
- Auxiliary aviation services, such as Aeronautical Information Management (AIM), flight procedure design, and aeronautical surveys; and
- Air Traffic Management (ATM).

In this current period, it is difficult to determine the percentage contribution of the regulated business given the volatility of the industry due to the pandemic. Because of the significant impact of Covid-19 on the industry, Board and management acknowledge that the business model will need to adapt to respond to the 'new normal'. The revision of our Strategy 2025 accounts for this need.

Economic Regulation

As a regulated entity and as prescribed by Section 11 of the ATNS Company Act (45 of 1993), ATNS is required to apply for permission to levy air traffic navigations charges. As such, the organisation may not levy any air traffic navigations charges unless it is in possession of a valid written Permission issued by the Regulating Committee for Airports Company South Africa (ACSA) and ATNS.

While each Permission is valid for five years, ATNS is required to apply for a new Permission at the beginning of the third financial year of the existing Permission. This is in line with the provision of the ATNS Act, which places a responsibility on the entity to apply for a new Permission at the beginning of the third financial year of the current or valid Permission.

One of the key requirements for the Permission process is consultation and constructive engagement with industry stakeholders. This is in accordance with the Regulating Committee principle of ensuring a fair and transparent Permission application process.

Regulating Service Standards

In addition to its role of ensuring that the interests of the users and those of regulated companies are protected, the Regulating Committee (RC) has the added responsibility of monitoring the maintenance of the quality of service standards by the companies which consumers/users are entitled to. As mandated, the RC prescribes the service standards to which ATNS should conform in terms of Section 11(7) (b) of the ATNS Act, which requires the entity's service standards to align with the

internationally accepted and recommended practices. ATNS seeks to create value for the users through increased efficiencies in the deployment of its infrastructure and quality of service in air traffic management.

4.1.2 Non-regulated Business

Prior to the pandemic, the ATNS non-regulated business contributed approximately 12% of the company's revenue. The non-regulated business encompasses a long-term strategy geared towards facilitating the growth of the business into Africa and Indian Ocean (AFI) region through the Commercial Services division. The strength of the ATNS brand has positioned the organisation as the preferred service provider in the region, taking a focused stance in the AFI regional market. In the last five years, the business has seen growth and regional opportunities which will support the expansion strategy. Furthermore, the division continuously identifies opportunities through joint ventures and partnerships to harness valuable market opportunities.

ATNS currently provides key services such as the Very Small Aperture Terminal (VSAT) communication network, which includes other communication platforms, across 27 countries. In addition, training services, through the ATNS Aviation Training Academy, reach more than 20 countries annually. The provision of technical services and support has seen ATNS commissioning major projects in the continent in recent years. 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 linking up with international organisations where appropriate.

4.2 ATNS Services

ATNS' services support seamless gate-to-gate ATM operations. This concept encompasses the taxi-out, departure, and 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 air traffic control centres and associated terminal control units using enabling technologies such as communications, navigation, and surveillance systems. The below diagram illustrates the ATNS value chain, scalable across the total user-demand spectrum in the South African airspace.

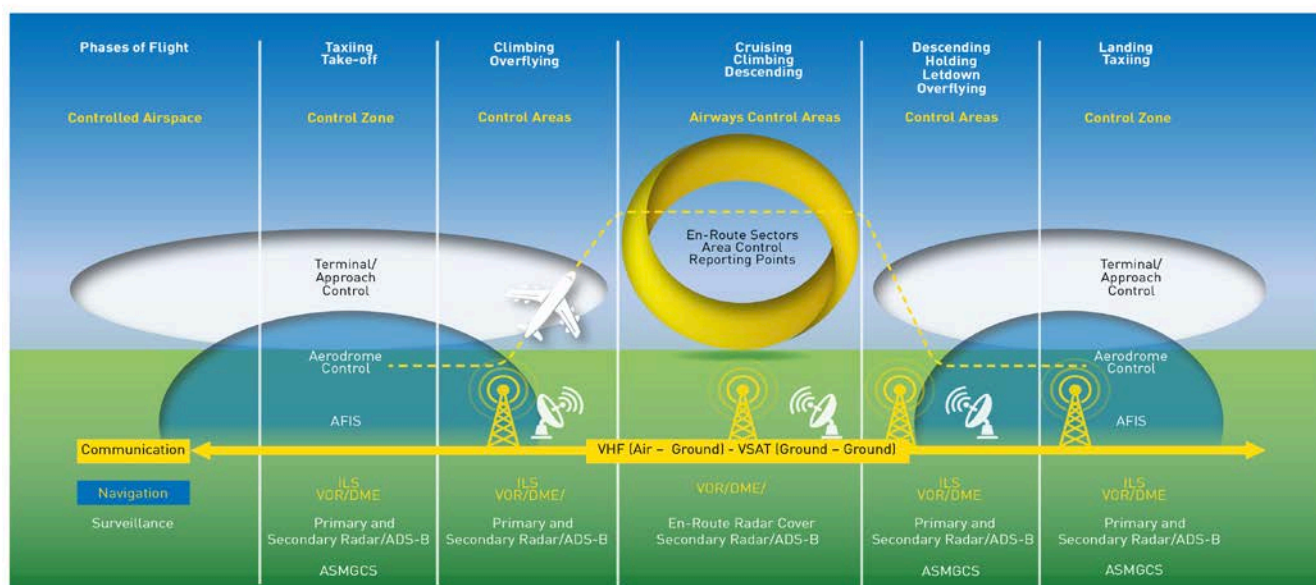


Figure 2: ATNS Core Services

ATNS provides services to both the regulated and non-regulated business in line with the International Standards Organisation (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 maintain 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. The tables and figures below showcase our services and products, as well as market presence.

1Products and Services
Air traffic Flow Management (ATFM)
Training: <ul style="list-style-type: none"> • ATS Ab initio /Core Content • ATS Aerodrome, Approach and Area Surveillance Rating • Human Factors and Safety Management System • ATSEP Initial Training • ATSEP Unit Training
Assist AFI region member states 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
CNS Turnkey projects (working with international Partners)

Table 2: ATNS Services and Products

3ATNS MARKET REACH
RSA – Statutory
RSA – Contractual
SADC (incl. Mauritius and Seychelles) and East Africa – Prioritised
West Africa – Special Focus
Rest of Africa and other surrounding Islands

Table 4: ATNS Markets

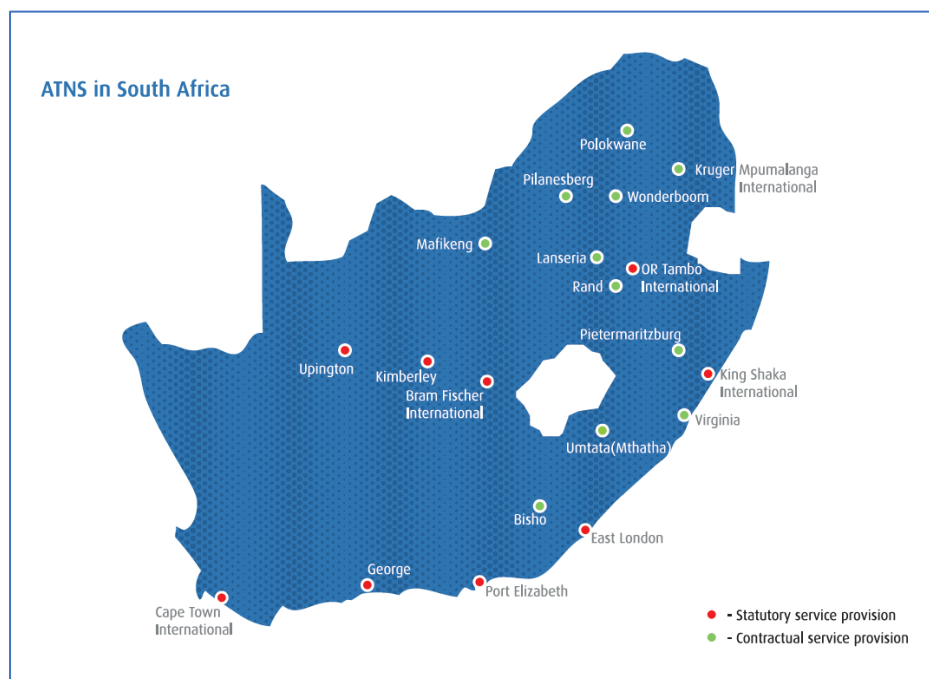


Figure 3: Our presence in South Africa

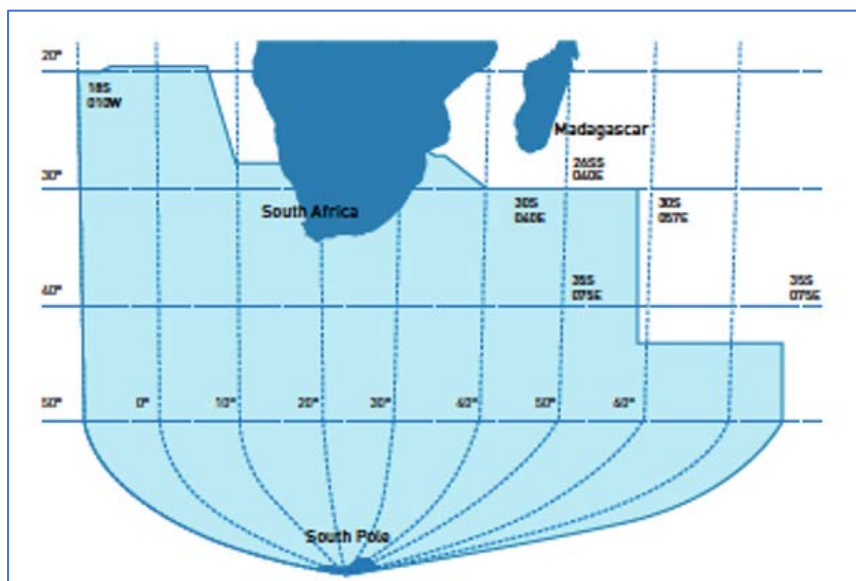


Figure 4: Our extended services on the African continent and beyond

ATNS provides services to nine South African statutory airports which are operated by Airports Company of South Africa (ACSA) and 11 regional airports, as well as St Helena on a contractual basis. Apart from provision of air traffic services within the boundaries of South Africa's airspace, ATNS is mandated through ICAO to provide these services in the oceanic area. Overall, ATNS provides air traffic services in 22 million square kilometres of airspace, equating to approximately 6%

of global airspace. Figure 5 depicts the ATNS non-regulated commercial footprint in the past decade

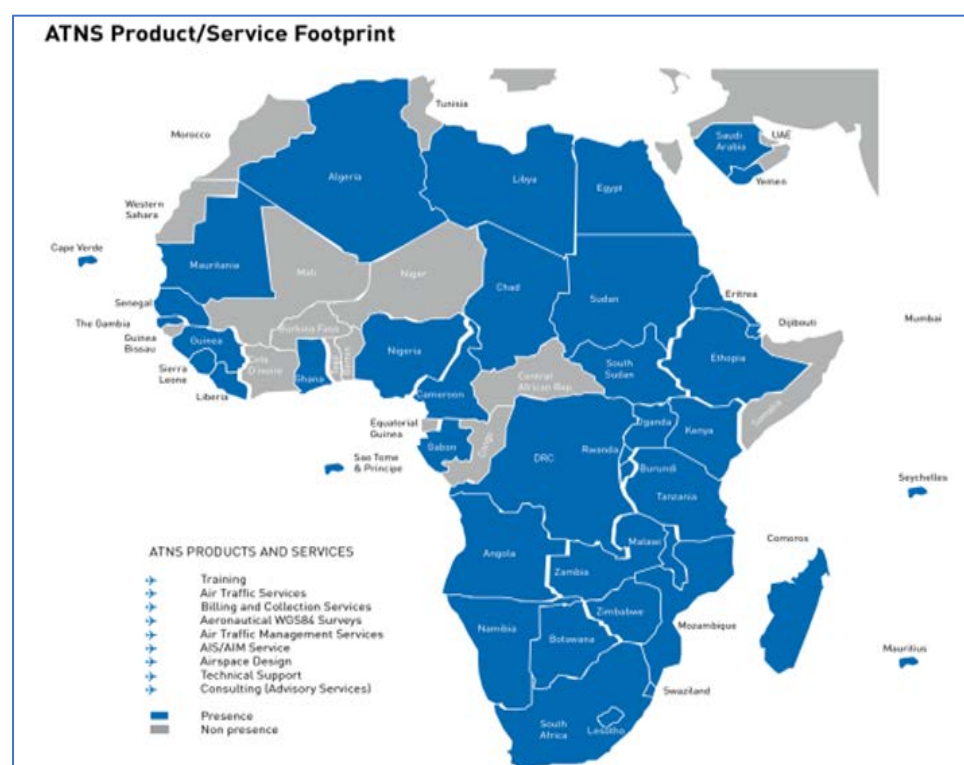


Figure 5: Our extended services on the African continent and beyond

4.2.1 Aviation Training Academy

The ATNS Aviation Training Academy (ATA) is a premier provider of Air Traffic Management training on the African continent. The academy provides Air Traffic Services and Air Traffic Safety Electronic Personnel (ATSEP) to ATNS employees and a wide range of aviation-related and safety-related courses throughout the African Continent and into the Middle East. We are committed to world best practices, providing our partners with the skills and knowledge to successfully take on the challenges of Air Traffic Management and other aviation services.

As a TRAINAIR Plus FULL Member and ICAO Regional Training Centre of Excellence, the management of the academy is uncompromising in delivering quality products and services in accordance with the ISO 9001:2015 standards. A team of professional instructors and quality personnel, coupled with state-of-the-art equipment and facilities, enhance the ATNS ATA training value chain. This ensures that all training programmes are delivered in line with exemplary international training standards.

As an International Air Transport Association (IATA) regional training partner, the ATA was awarded IATA's Worldwide Top Regional Training Partner for several years running. This partnership has culminated in the ATNS ATA qualifying as IATA's 2016 and 2019 Premier Circle Member. This is a demonstration of the commitment to continental and global safety. The ATA has successfully served on the councils of the Association of African Aviation Training Organisations, the TRAINAIR Plus Steering Committee and the International Federation of Air Traffic Safety Electronics Association.

In addition to the multi-year academic accreditation project, the ATA will embark on two flagship programmes in the next five years, which are designed to result in a quantum expansion of the value add to the academy. These are:

- The product diversification project that aims to provide relevant products to an increasingly diverse market; and
- The ATA modernisation/digitisation project which is designed to modernise and optimise the entire learning value chain.

These initiatives will complement the current refurbishment project which is anticipated to be completed in 2021 and will position the academy as a premier aviation training institute on the continent. This is critical primarily for those training programmes that have a practical application and require face-to-face instruction.

4.3 Our People

ATNS builds and preserves human capital value through the individual capabilities, knowledge, skills, and experience of the organisation's employees. Employees are a critical component of any organisation; therefore, leadership and employee motivation are two key drivers and influencers of organisational effectiveness. 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 strives to foster a culture driven by shared organisational values to enable a conducive working environment for optimum 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 a culture of sustainability; and
- Promote an organisational culture that entrenches safety values.

The achievement of the Top Employer Certification consecutively in the past four years is an affirmation of our commitment to inclusive transformation. ATNS seeks to ensure that all employees are correctly matched to jobs that they are skilled and technically competent in in order to master their current and future work requirements. The several industry accolades received in the past year in the areas of people development and transformation bear testimony to this commitment.

The realisation that organisational performance and sustainability requires capable people at the helm of organisations propels us to invest in leadership capacity development. The organisation strives to build the capacity of leaders and managers at various levels of the organisation by availing and encouraging participation in education, and training and development programmes. The organisation firmly believes that employees who are involved and aware of significant organisational activities are highly engaged resulting in a high level of performance. The organisation's change management approach is informed by the recently adopted framework which will enable structured and increased employee involvement and awareness.

Currently, an Organisational Design project that is aimed at setting the foundation for the design of a future fit workforce as part of the broader ATNS strategic objectives, is underway. The culmination of the project will result in a review of the current structure to ensure alignment with the corporate strategy

Organisational Structure

ATNS is a State-Owned Company (SOC) comprising a Board of Directors appointed by the Minister of Transport. The Board of Directors provides oversight and guidance on the implementation of the ATNS mandate. The Mandate and strategy are informed by international prescripts such as International Civil Aviation Organisation (ICAO) ATM Operational Concept and Global Air Navigation Plan (GANP).

The ATNS structure is also based on the aviation value chain, which comprises three main blocks:

- ATM Operational Concept, GANP, and Global Aviation Safety Plan (GASP);
- Enabling/driving technologies, infrastructure and resources; and

- ATM and technical support operations.

Figure 6 depicts the ATNS Corporate structure.

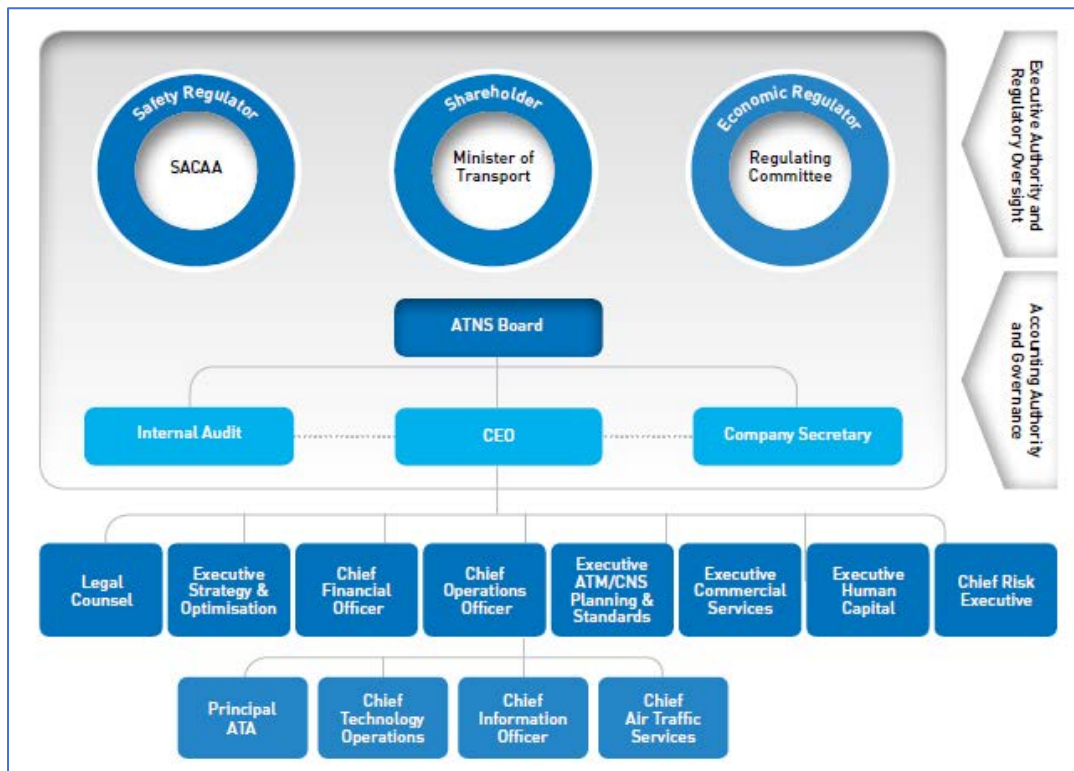


Figure 6: ATNS Corporate Structure

5. Strategy

The advent of Covid-19 as well as the rapidly changing global environment required us to adjust our Strategy 2025, which had been approved by the Board in December 2019. Once again, in the review process the ATNS Board and management adopted an approach that employed the use of various strategic models and frameworks that were applied throughout the strategy formulation process. The strategy adjustment process highlighted the areas of focus for the organisation in the 2020/21 – 2024/25 period. The Strategy Map summarises ATNS's overall strategic objectives and how they relate to each other. The Strategy Map is captured in Figure 7 below.

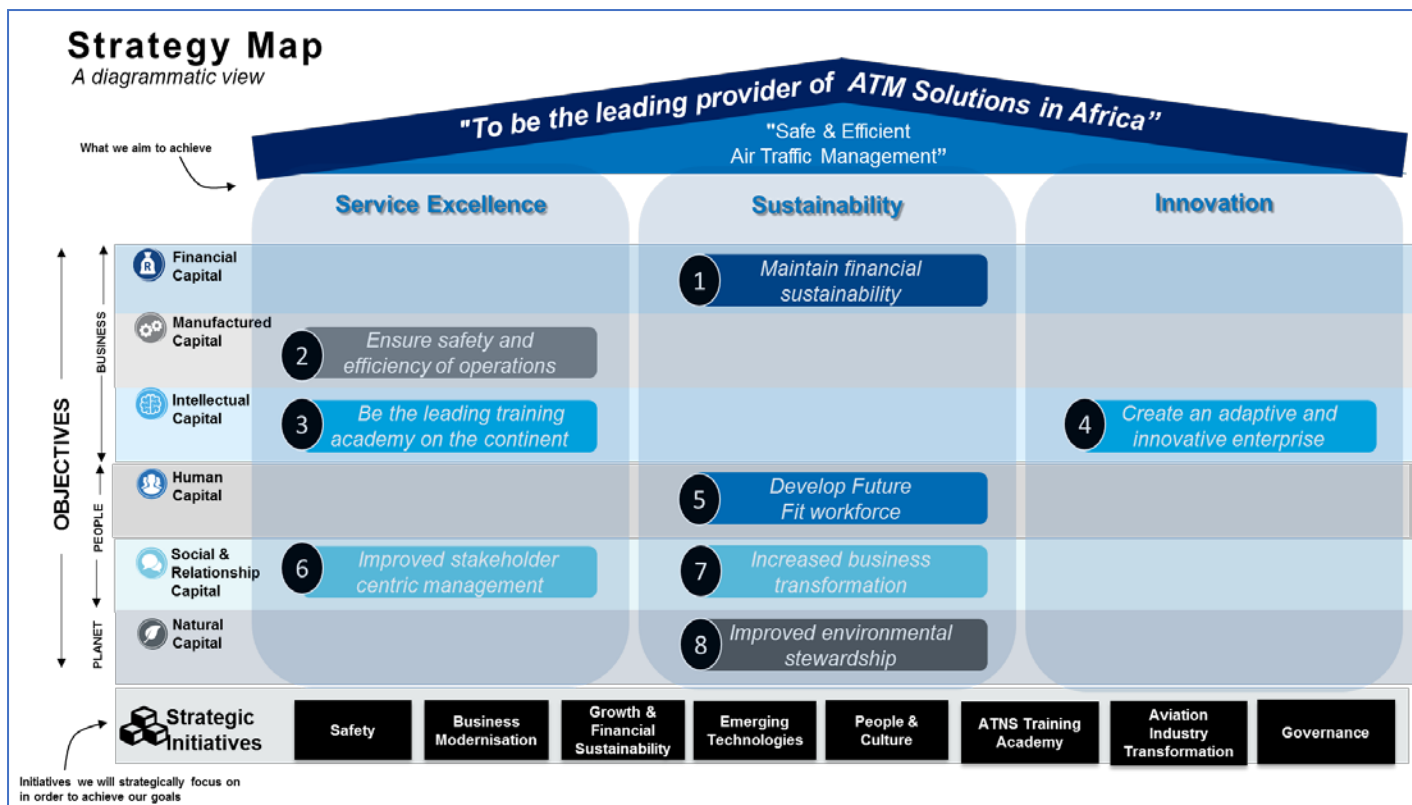


Figure 7: Strategy 2025 – ATNS Strategy Map

5.1 The Impact of Covid-19 on Strategy 2025

Subsequent to the submission of the Corporate Plan in March 2020, the global pandemic of coronavirus disease 2019 (Covid-19), which was first reported on 31 December 2019 by the World Health Organization (WHO), resulted in international lockdowns. This resulted in a steep decline of Air Traffic Movements (ATMs) stemming from travel bans and lockdown measures instituted by governments around the world, including South Africa. South Africa went into lockdown from 26 March 2020 following announcements by President Cyril Ramaphosa. All international and domestic flights were prohibited and only authorised repatriation flights, cargo flights, and essential services travel were permitted to take place.

On a global perspective, government travel restrictions and self-isolation rules have eroded traffic demand significantly, particularly the international passenger travel bans which were imposed in many countries. All regions subsequently experienced a decline in ATMs. Figure 8 highlights the decline in ATMS in April 2020 when most countries imposed restrictions and self-isolation rules.

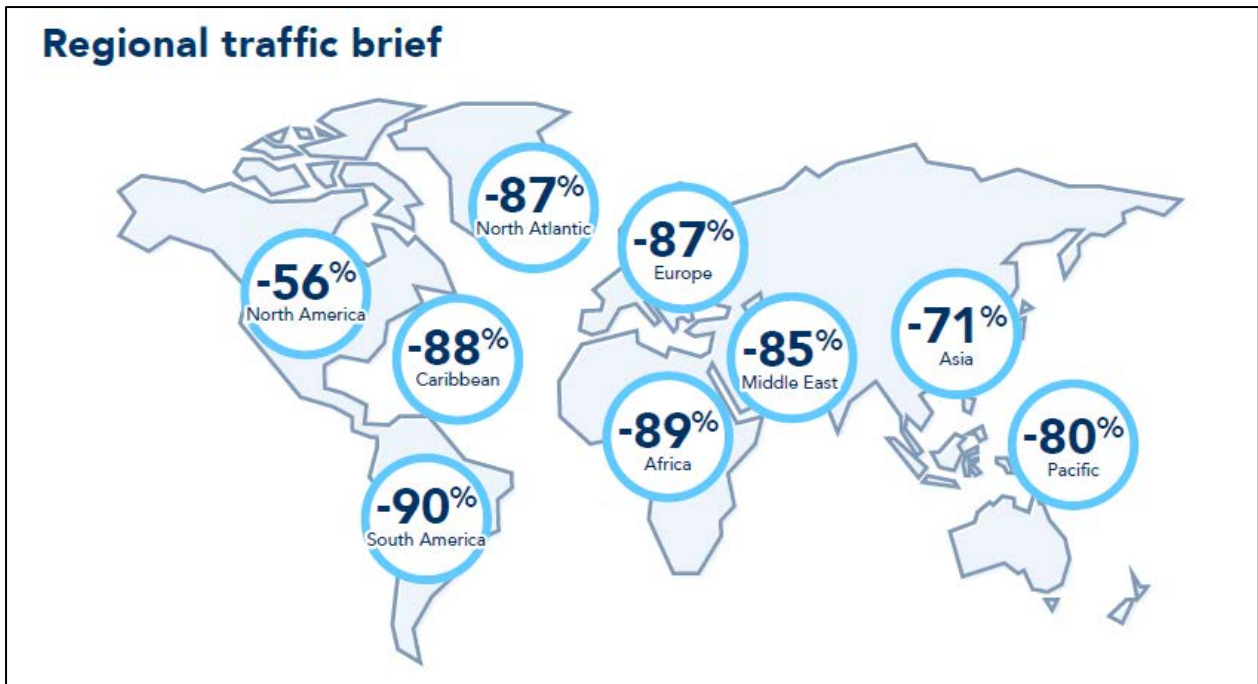


Figure 8: Global traffic movement as at 24 April 2020 (Source: CANSO ATM report)

Traffic in most regions of the world declined by more than 80%, with regional movement declines varying from 90% in South America to 56% in North Africa. However, by the end of July 2020, most of the regions experienced a marginal growth in ATMs as many States were now recognising the necessity of opening the borders to re-energise business, tourism, and other leisure activities. Figure 9 highlights the global traffic movement as at 13 August 2020, with South America continuing to be a heavily impacted region with a drop in 74% of volumes.

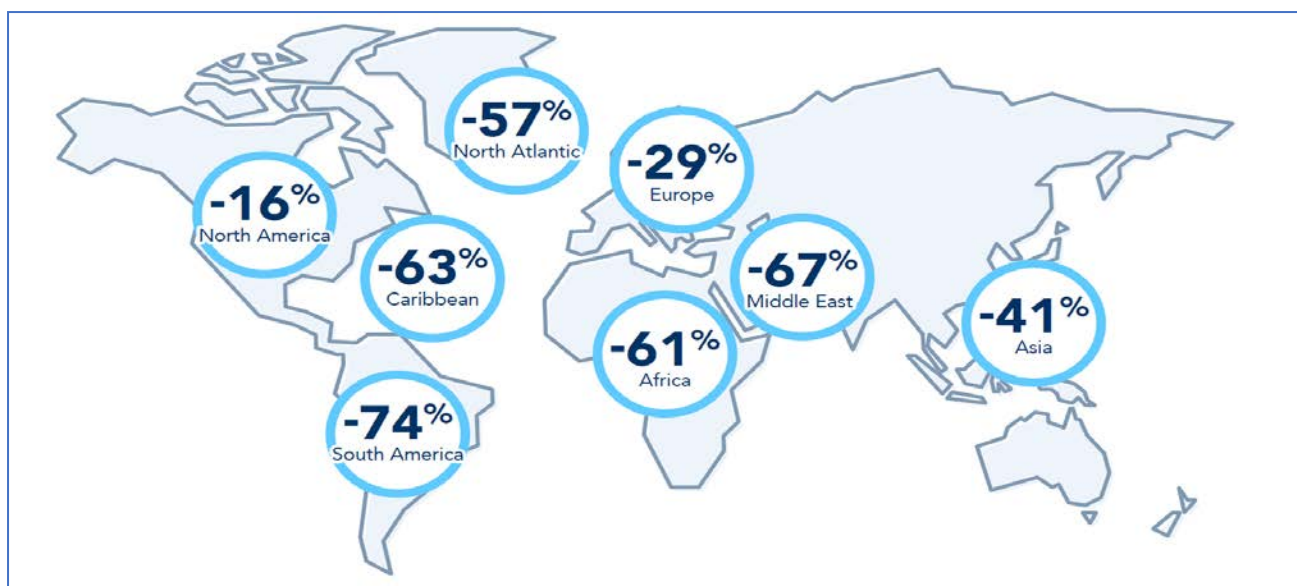


Figure 9: Global traffic movement as at 13 August 2020 (Source: CANSO ATM report)

According to ICAO (November 20, 2020) there has been an estimated drop of around 59-60% in the number of international and domestic passengers or air passenger traffic in 2020 as compared to 2019. The report points to a drastic drop in demand by the fourth quarter of 2020, with the seat capacity for international flights going down by 71% to 73%, and that of domestic flights by 29% to 31%. Figure-wise, for the entire 2020 (January to December), the report indicates a drop of 2 858 million to 2 891 passengers in all types of aviation. The stark decline in demand will translate to losses for the airline companies across the globe. According to ICAO, the global airline industry is set to lose \$387 to \$391 billion in gross passenger operating revenues.

The fight to get back to the new normal may not come easy to a lot of industries. The aviation sector will have to go beyond simple measures to curb the negative impact. No doubt the economics of it will be a challenging task. The global impact of Covid-19 on aviation, tourism, trade and economy in 2020 is summarised below:

- **Air passenger traffic:** An overall reduction of air passengers (both international and domestic) ranging from 52% to 59% in 2020 compared to 2019 (by ICAO);
- **Airports:** An estimated loss of over 50% of passenger traffic and 57% or over USD 97 billion airport revenues in 2020 compared to business as usual (by ACI);
- **Airlines:** A 54,7% decline of revenue passenger kilometres (RPKs), both international and domestic, in 2020 compared to 2019 (by IATA);

- **Tourism:** A decline in international tourism receipts of between USD 910 to 1,170 billion in 2020, compared to the USD 1.5 trillion generated in 2019, with 100% of worldwide destinations having travel restrictions (by UNWTO);
- **Trade:** A fall of global merchandise trade volume by between 13% and 32% in 2020 compared to 2019 (by WTO); and
- **Global economy:** A projected -4,9% to -5,2% contraction in world GDP in 2020, far worse than during the 2008–09 financial crisis (by IMF and World Bank).

The African region experienced a slight improvement of 61% in August 2020 compared to 89% in April 2020. IATA expects a further decline in passenger traffic, more jobs at risk, and more GDP losses than previously estimated. According to new data released on 18 August 2020, the impact of Covid-19 on Africa's aviation industry has worsened sharply since its previous assessment in April.

According to IATA, job losses in aviation could increase by up to 3.5 million, which is more than half of the entire region's 6.2 million aviation-related employment. GDP supported by aviation in the region could fall by up to USD35bn (R608bn), a considerably greater decline than IATA's previous estimate of a decline of USD28bn (R487bn). Traffic on the continent is expected to plummet by 54% (more than 80 million passenger journeys) this year compared with 2019.

Looking at the South African scenario, the aviation sector welcomed the return of limited scheduled domestic air services to OR Tambo, Cape Town, King Shaka, and Lanseria International Airports for business and other essential authorised purposes on 1 June 2020 following the implementation of level 3 lockdown. On 1 July 2020, a further seven airports (Port Elizabeth, Bram Fischer, Upington, Kruger Mpumalanga, Richards Bay, Skukuza, and Pietermaritzburg airports) were opened and allowed to resume operations under previously announced restrictions.

IATA has revised its June estimate of a 15.6 million year-on-year drop in passengers in South Africa in 2020 over 2019 to 16.6 million. This will put 287,700 jobs at risk. The August estimate says the negative effect on South Africa's 2020 GDP will be a fall of USD5, 8bn (R101bn).

Governments around the world have been requested to offer financial assistance to the aviation industry. In respect of State-Owned Entities in South Africa, such as ACSA, ATNS, and SACAA, Government has indicated that they will support the organisations that have requested such assistance. The State-Owned airlines SAA and SA Express are in different circumstances as they are simultaneously going through a business rescue process with aid from Government. The position

of Mango Airlines is somewhat unclear, but it appears that it may also receive some support from Government. It is also important to consider the situation of the South African privately-owned airlines who are all in need of some form of aid.

The above situation caused by the impact of Covid-19 required management to rethink the key focus areas in the Strategy, including reprioritising projects and Programmes in the AOPs. ATNS has adjusted the 2020/21 budget and is implementing measures such as cost containment, cash preservation and industry concessions, such as debt holidays, to airlines. This situation is referred to as defining the 'new normal'.

5.1.1 Impact of Covid-19 on the South African economy

According to the Stellenbosch University Bureau of Economic Research, South Africa entered what is set to be the deepest global recession since the post-World War II slump. The country was already stuck in the longest business cycle downswing on record; the economy slipped into a technical recession in Q4 of 2019, and the public debt increased even further. These weak fundamentals have severely constrained South Africa's ability to respond to the Covid-19 crisis in order to save lives and sustain the livelihood of firms and households. Sustained growth in global air traffic volumes began in late April 2020, albeit at low rates. The rate of traffic recovery suggests that it will take some time to recover from the precipitous decline in traffic volumes recorded in March 2020. The slow economic recovery will have a direct impact on the recovery of the aviation industry.

The analysis in the sections to follow reflect on the impact this will have on the aviation industry and ATNS specifically.

5.1.2 Impact of Covid-19 on Air Traffic Movements

As Air Traffic Movements emerge from the turmoil of the novel Covid-19 crisis, we find ourselves in a strange and uncertain world. The pandemic has brought about an unprecedented change that might sustain for the foreseeable future. The low demand for air travel due to a fear factor and use of technology platforms to conduct business has changed the way we travel. This is coupled with reduced airline capacity due to bankruptcy and business rescue operations. Based on IATA and ACI forecasts, there is an expectation that passenger traffic in Africa will not revert to pre-Covid-19 levels due to low demand for air travel as a result of fear. ATNS's internally generated traffic scenarios support this downward trend in ATMs, as well as the notion that ATMS will not revert to pre-Covid-19 levels. This is against low airline capacity due to pending potential bankruptcies.

African airlines' traffic declined by 98,1% in June 2020 compared to June 2019, with capacity contracting 84,5%. Despite significantly reduced traffic levels and the challenges of protecting frontline staff from infection, Air Navigation Service Providers (ANSPs) have continued to maintain operations to provide essential services for cargo, repatriation, humanitarian, and emergency flights. As ANSPs revenues depend on traffic, ANSPs are also facing financial losses, which are perpetuated by delays in the payment of charges by airlines, or even potentially the suspension of ANSP charges for a defined period. In addition, certain airlines have curbed their operations as a result of business rescue operations instituted before the pandemic, as well as those resulting from the pandemic. ATNS is assessing the changing traffic forecasts to ensure the provision of safe and optimal air navigation services (ANS).


Since the 2008 global financial crisis, ATNS experienced a real drop in movements of approximately 20% from 2009 to 2020. Management have forecast a 40% drop in movements from 2008/09 to 2030 and a 20% to 25% drop from pre-Covid-19 (2019) levels to 2030. This development indicates a degrading sustainability that could require a change in the revenue-cost structure.



5.2 Environmental Scanning: Covid-19 Impact and Aviation Industry Analysis

The strategy adjustment process required us to conduct a fresh environmental scan to better understand how the operating landscape had changed as a result of the pandemic. The subsections below discuss the outcomes of the environmental analysis, incorporating environmental changes which have occurred since Covid-19.

5.2.1 SWOT Analysis

Table 3 captures the SWOT analysis looking at the strengths, weaknesses, opportunities, and threats uncovered since the onset of Covid-19.

5	Findings pre-Covid-19	Additional findings since Covid-19
Strengths 	<ul style="list-style-type: none"> Highly qualified and experienced (personnel) High quality training technology Reputation issues Compliance with Information standards Branding (established) African ANSPs 	<ul style="list-style-type: none"> Ability to adapt to the 'new normal' due to digital distraction Majority of staff are able to transition to work remotely Limited reserves to sustain ATNS business for a limited period

	Findings pre-Covid-19	Additional findings since Covid-19
	<ul style="list-style-type: none"> • Safety record • Financial sustainability • Monopoly position • Young workforce • Strong relationship with clients • Good planning mechanisms • Research and Development 	
Weaknesses 	<ul style="list-style-type: none"> • Internal processes • Undefined organisational culture • Silo mentality • Lack of accountability • Talent management retention • Organisational structure • Inefficient IT infrastructure • Internal brand promotion • Change management (new concepts) • Sense of entitlement • Execution of tasks • Poor Project Management • Slow response • Lack of integrated systems • Inability to do root cause analysis • Poor, lacking, and ineffective Internal communication • Limited bandwidth • High reliance on external suppliers 	<ul style="list-style-type: none"> • Depleting reserves could lead ATNS borrowing from financial institutions or asking for bailout • Lack of face-to-face meetings making business deals and negotiations harder to achieve • Challenges to manage a dispersed team during lockdown • Not all employees are properly equipped to work remotely • Resource utilisation can be a challenge • Isolating people who are critically important to the operation • The psychology of working from home • Additional expenses due to measures to protect employee health and wellness • Demand for big data and technologies • Challenges to execute capex plan due to lockdown rules • Traffic movements impact to the ratio of Air Traffic movements vs. staff • Unions not accepting the cost containment measures • Increased cybercrime
Opportunities 	<ul style="list-style-type: none"> • Emerging technologies (ATFM, RPAS) • New product development • Innovation • Partnership with other ATO's • Collaboration/partnerships • Expansion on specific products • Diversify revenue streams • Acquire new skills and build on capabilities 	<ul style="list-style-type: none"> • Lockdown and social distancing will create more demand for shaping the "future work" • Opportunity to review the maintenance support philosophy to avoid dependency on OEM • New technologies will expand; virtual reality, cloud technologies, artificial intelligence, etc.






5	Findings pre-Covid-19	Additional findings since Covid-19
	<ul style="list-style-type: none"> • Billing opportunities • Repositioning the ATA • Regional Upper Airspace (SADC) • Internal brand promotion • Change management (new concepts) 	<ul style="list-style-type: none"> • Cost containment measures may lead to reprioritisation plans • Remote work is our new reality • A strategy for business continuity and Covid-19 response plan • New ways of developing courses and other products • Virtual training • Operations and technology collaboration • Technologies such as expansion into non-aeronautical • Technological and system evolutions and advancements (Smart Towers) • Spaced Based ADS-B, CAD, etc.
Threats 	<ul style="list-style-type: none"> • Emerging competitors • Pricing structure • Integration of emerging technologies • Over-regulation compliancy • Geopolitical issues • Crude oil prices • New legislations • Escalating costs – growth in staff numbers • Lack of growth (economic and traffic) • Inability to innovate 	<ul style="list-style-type: none"> • Decline of air traffic movements leading to loss of revenue • Unpredictable air traffic volumes • Inability of airlines and non-regulated airports to pay due to liquidity issues • Many ANSPs are under extreme financial difficulty as airline revenues have evaporated • Reduced passenger willingness to travel due to new regulations • Myth - more sympathy for Airlines than other aviation players • ATS have been interrupted because ATC facilities were evacuated and cleaned following personnel coronavirus-positive test results • Competitors looking for new revenue within the African continent • Stakeholders requesting for concessions • Resuming operations: hazard identified include runway incursions and Flight Safety Foundation • Disruption in the travel & tourism sector • Danger of second wave of Covid-19

Table 6: SWOT Analysis

5.2.2 PESTLE Analysis

Table 4 provides the analysis of the political, economic, social, technological, legal, and environmental (PESTLE) factors that have come to the forefront since the advent of Covid-19.

7	Findings pre-Covid-19	Additional findings since Covid-19
Political 	<ul style="list-style-type: none"> Political leadership buy-in Sustainability of governance structure Stable government 	<ul style="list-style-type: none"> Air traffic restrictions Lockdown measures Political decision on SAA
Economic 	<ul style="list-style-type: none"> Strong buying power Cost of compliance Tariff being regulated (not growing at expected rate) Currency fluctuation Interest rate Rising third-party operational costs 	<ul style="list-style-type: none"> Reduced revenues stemming from ANS provision Airlines may request the temporary suspension of ANS charges for a defined period of time Introduction of measures to reduce ANS and non-ANS costs (e.g. no business travel, reduction in training and third-party services) Airlines going into business rescue Decline in Air Traffic Movements Many ANSPs suffering from liquidity crisis - looking for credit line/working capital Air passengers' inabilities to spend & fulfil their promises Revised GDP Poor rating by Rating Agencies impacting our cash flow Consumer confidence leading to a dampening of investor confidence Inflation and interest rates
Social 	<ul style="list-style-type: none"> Social instability Vandalism of equipment High unemployment rate Gender-based violence and gender inequalities Increased employment span Crime Corruption Growing middle class 	<ul style="list-style-type: none"> Support for staff (e.g. counselling, stress management support) (Shrinking middle class) Inequality index Ongoing negotiations with trade unions regarding issues such as salary reduction Management of stakeholders in the new normal
Technological 	<ul style="list-style-type: none"> Being first adopters 4IR RPAS 	<ul style="list-style-type: none"> Change in office dynamics (digital work place)



	Findings pre-Covid-19	Additional findings since Covid-19
	<ul style="list-style-type: none"> Automation 	<ul style="list-style-type: none"> More responsive to change management especially in technology Technical debt (old architecture) legacy systems Role of data and technologies Skills related to the above Decision on invest or subscribe (hardware or software) in capability to enable choice Diversification strategy Integration of system (not segmented systems) Cybersecurity e.g. online systems
Legal 	<ul style="list-style-type: none"> Restrictive 1993 Mandative ATNS Act International Laws Labour Relations Africa intra-trade ATNS Acts (including Economic Regulations and Single Transport Economic Regulator (STER)) Privacy and data protection laws IP laws 	<ul style="list-style-type: none"> Potential for amendments to ANS charging frameworks to alleviate financial impact on airlines and ANSPs Increased regulation of passengers for safety concerns Health and Safety laws (pertaining to Covid-19) Civil right laws (especially with travel) Consumer Protection Laws
Environmental 	<ul style="list-style-type: none"> Cost of compliance Carbon Tax (costs) Lack of Carbon Tax (specialists/consultant) Packaging sustainability services Climate change - cost of compliance 	<ul style="list-style-type: none"> Covid-19 – cost of compliance ANSPs will be required to innovate in terms of adapting their operations to make sure operational staff are protected from infection whilst ensuring they are still able to provide the necessary services to remaining traffic (e.g. cargo, humanitarian, or State flights)




Table 8: PESTLE Analysis

5.2.3 Industry Analysis

Management utilised the Competitive Forces Model (Porter's 5 Forces) to analyse the competitiveness in the industry. The Porter's 5 Forces of competition analyses 5 areas, namely:

1. Intensity of industry rivalry;
2. Threat of potential entrants;
3. Bargaining power of suppliers;
4. Bargaining power of buyers; and
5. Threat of substitute goods/services.

Table 5 documents the Porter's Five Forces Model analysis of ATNS.

9	Findings pre-Covid-19	Additional findings since Covid-19
Competitive Rivalry <i>The number and strength of competitors</i> 	<ul style="list-style-type: none"> Undercutting prices Products/service quality Regional training institutions (ASECNA, East African School of Aviation, Singapore) Customer loyalty – brand value 	<ul style="list-style-type: none"> Virtual training e.g. Webinar training Space based ADS-B
Threat of New Entrants <i>The ease with which new competitors can enter the market</i> 	<ul style="list-style-type: none"> Entrance of Organisations <ul style="list-style-type: none"> Local organisation coming into ANSP space (REG) International ANSPs that are looking for new markets (NON-REG) Entrance of Technology <ul style="list-style-type: none"> Fiber Optic RPAS Space Based ADS-B GNSS Big Data (Data Management Repository) Artificial Intelligence (AI) 	<ul style="list-style-type: none"> New competitors looking for new revenue within the African continent e.g. Webinar training
Buyer Power <i>How easy it is for customers to drive our prices down</i> 	<ul style="list-style-type: none"> ATNS monopoly – limited power of buyers due to legislation Regional Airports – price negotiation due to availability of alternative service provider Regional Airports – weak buyer power due to high cost of switching ATNS International – price sensitivity 	<ul style="list-style-type: none"> Airlines asking for concessions Non-regulated airports asking for discount



9	Findings pre-Covid-19	Additional findings since Covid-19
	<ul style="list-style-type: none"> • ATNS International – ability to substitute (e.g. training) • ATNS International – lobbying power of AFI States (SADC VSAT II and NAFISAT) 	
Supplier Power <i>How easy it is for suppliers to increase prices</i> 	<ul style="list-style-type: none"> • Limited opportunity for suppliers to collude • ATNS over-reliance on one supplier across the CNS infrastructure value chain e.g. system integration • Cost of changing/switching supplier(s) is too high • Some suppliers provide a unique service that is costly to substitute (e.g. software technology suppliers) • Bespoke technology (e.g. billing, SMS) • Policies of Regional Economic Communities (SADC, EAC, COMESA, ECOWAS) 	<ul style="list-style-type: none"> • Opportunity to review the maintenance and support philosophy with OEMs
Threat of substitution <i>The extent to which different products / services can be used in place of ours</i> 	<ul style="list-style-type: none"> • ATNS monopoly – limited threat of substitutes • ATNS International - cost of switching to substitutes is too high • Technology evolution e.g. Space based ADS-B 	<ul style="list-style-type: none"> • Virtual training • Undersea cable • Space based ADS-B

Table 10: Industry Analysis

5.2.4 Risk Analysis

Management has followed a structured assessment of risk as posed by the Covid-19 pandemic on its environment, including strategy, operational plans, performance targets, aligned current realities, and

its future operating environment with the strategic objectives and initiatives, milestones and KPIs accordingly. The risk assessment and response are provided in Table 6. 11: Risk Assessment

	Strategic Risk	Risk Response
Financial Capital	<p>Organisation not able to remain financially sustainable in the long term as a result of:</p> <ul style="list-style-type: none"> • Decline in the revenue and profitability due to impact of Covid-19 • Poor collections as airline operators have asked for payment holidays • Deterioration in the cash reserves 	<ul style="list-style-type: none"> • Sound cash and liquidity management (cash preservation) • Ensure cost containment initiatives are implemented • Continuous monitoring of the opex budget • Review of the approved budget to ensure Covid-19 impact is integrated • Review of the current capital expenditure program
Manufactured Capital	<ul style="list-style-type: none"> • Safety incidents attributable to ATNS (A&B) • Aircraft accident attributed to ATNS • Threats and vandalism on ATNS physical infrastructure 	<ul style="list-style-type: none"> • Implement the approved ATNS Safety Strategy • Improve safety maturity level to C • Improve physical access control and security systems • Collaboration with other affected stakeholder with similar challenges (e.g. Telkom, MTN and Vodacom) • Covid-19 response plan at all ATNS workplaces
Intellectual Capital	<ul style="list-style-type: none"> • Failure to implement capex projects • Disruption of IT and business services as a result of a breach in information security (cyber-attack) • Inability of IT to support operations and strategic initiatives • Significant disruption to ATNS critical business 	<ul style="list-style-type: none"> • Monitor adherence to the Capex Delivery Framework • Review, update and implement the cybersecurity strategy and plan • Perform baseline maturity assessments on information security governance and operations • Revise ICT strategy to incorporate relevant capabilities for delivery of the overall strategy • Stabilise wide area network through upgrading systems and redundancy implementation • Implement the BCM roadmap which includes the Disaster Recovery enhancement project as one pillar of BCM • Enhance the site-to-site replication for critical business processes

	Strategic Risk	Risk Response
Human Capital	<ul style="list-style-type: none"> • Lack of competencies, skills, and capacity to implement the strategy • Poor organisational performance as a result of poor strategy execution, lack of coordination in the different functions, and lack of monitoring and reporting • Employee occupational, health, mental, morale and safety risk as a result of the Covid-19 pandemic 	<ul style="list-style-type: none"> • Review the organisational structure to enable implementation of the strategy • Achieving the desired level of CANSO Standard of Excellence in Human Performance Management (HPM) • Communicate organisational performance to all staff • Executive and Senior Management to hold each accountable for the organisational performance • Implementation of the Covid-19 response plan at all ATNS workplaces • Improve control environment, risk management maturity and ethics culture
Social Capital	ATNS's reliance on a single third-party (OEM/Support contract) service provider for most of ATNS critical equipment as a result of regulatory constraints and legacy strategic position of ATNS	<ul style="list-style-type: none"> • Develop and implement a transformation strategy
Natural Capital	None identified	

Table 12: Risk Assessment

5.3 Impact Assessment on the 'New Normal'

Whilst the industry has adapted to deal with the impact of previous crises, it is clear that the magnitude of the impact on aviation presented by Covid-19 will be far greater than any downturns the industry has ever experienced. Once our industry regains momentum, we are likely to witness the dawn of a 'new normal'. Among other factors, the return of demand will almost certainly be reduced by society and businesses becoming more comfortable with virtual interactions for otherwise face-to-face meetings. This means that what the industry will be aiming for in terms of recovery might actually be quite different from the environment in which they previously operated.

As long as the world has not found a cure or a vaccine for Covid-19, we may have to adjust to a 'new normal', meaning a new way of living and going about our lives, work, and interactions with other

people. Therefore, our level of adaptation and the changes we have to make in our lives is much higher. These adaptations and changes are considered our ‘new normal’.

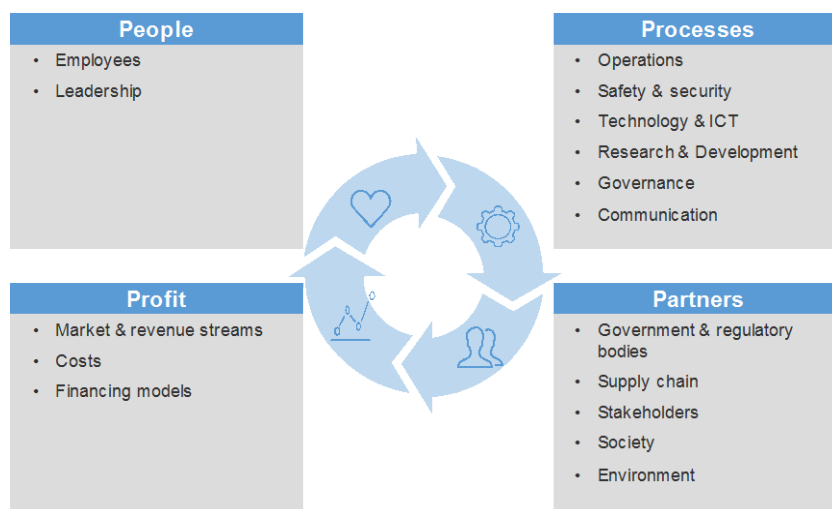


Figure 10: 4P framework used to establish the 'new normal'

Figure 11 illustrates ATNS's envisaged new normal. This ‘new normal’ represents the key characteristics of the world we believe are critical in supporting ATNS to be agile and resilient.

What we believe should characterise our 'New Normal' in order to be an 'Agile and Resilient' ATNS



Employees, characterised by:

- Ability to work from home
- Flexible, adaptive recognition & rewards
- Redesigned office space
- More flexible staffing arrangements and right sizing
- Redeployed to be doing more valuable work
- Refreshed talent management
- Skilled for the future ATNS (including a multi-skilled work force)
- An adaptable and resilient workforce
- Focus on wellbeing, culture & emotional connectedness
- Resourced with the right tools of trade
- Redesigned organisation model



Leadership, characterised by:

- Greater accountability & consistency
- Re-engineered leaders, trained on managing remotely for effectiveness
- Aligned values
- Defined leadership behaviour blueprint
- Assessed skills
- Improved internal controls and supporting rules/processes
- Style that favours innovation and quick decision making
- Improved internal communication & transparency
- Refreshed policies to support new ways
- Ability to self-manage
- Effective management of meetings
- Ability to create social touchpoints
- Effective change managers (self and others)
- Flattening of structures



Financial model, characterised by:

- Debt injection
- Financing critical infrastructure in interest of safety
- Innovative ways of financing (e.G. Potential for equity partnerships)



Costs, characterised by:

- Reviewed cost structure (shift to variable ; investigate zero-based costing)
- Ability to prepare longer term forecasts (revenue, profits, liquidity)
- Rolling forecasting model



Market & revenue, characterised by:

- Greater understanding of customer needs
- More in touch with customer
- New ways to develop business and grow sales
- Efficiencies and cost effectiveness
- Reassessed and reprioritised customer base
- Commercialised data
- Potential for acquisitions
- Quick adaptation to market dynamics (e.G. Billing)
- Potential for annuity revenue
- Redesigned revenue management (e.G. Automated collection)
- Redesigned training delivery model
- Redefined operating model for non-regulated business
- Leveraging of new technologies



Operations, characterised by:

- Flattened / streamlined processes and approval structures
- Use of automation, robots etc.
- Digital towers
- Investigating removing physicalvors
- Integrated simulator system
- Business process reengineering



Safety & Security, characterised by:

- Unit-specific ATM safety approach
- Cyber security
- Potential of securing of equipment at remote sites
- Intellectual property management



Technology & ICT, characterised by:

- Investments in platform technologies
- Cloud deployment strategy
- Integrated systems
- Elevated artificial intelligence
- Automation
- Space-based adsbs
- Coordination amongst government department systems
- Information management and governance



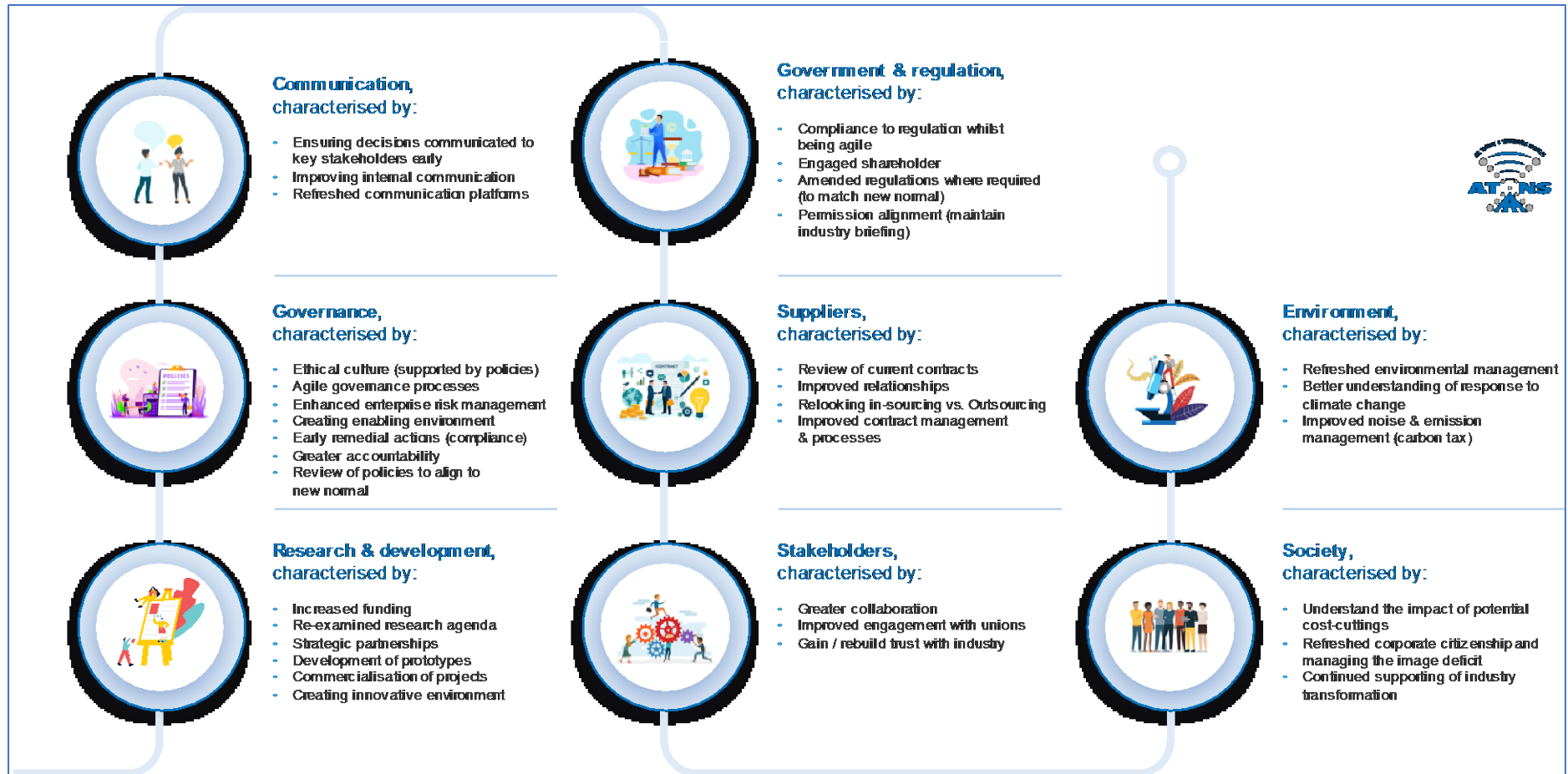


Figure 11: 'New normal' envisaged for ATNS

5.3.1 Key Focus Areas in the 'New Normal'

Taking into account our impact assessments of the 'new normal', Board and Management considered the new focus areas to prepare and plan the 'new normal'.

The horizon planning considered the immediate, medium-term and long-term plans to address the shift in the environment caused by the impact of Covid-19 to the business. The three phases – Recovery, Sustainment and Repositioning – are depicted in Figure 12. For the duration of this Corporate Plan, ATNS intends transitioning from the Sustain Phase to the Reposition Phase as the industry recovers.



Figure 12: Planning horizon

5.4 Realignment to Strategy 2025

The Strategic Pillars were recalibrated taking into account the impact of Covid-19. Figure 13 highlights the consequences of the pandemic on ATNS' strategic pillars.



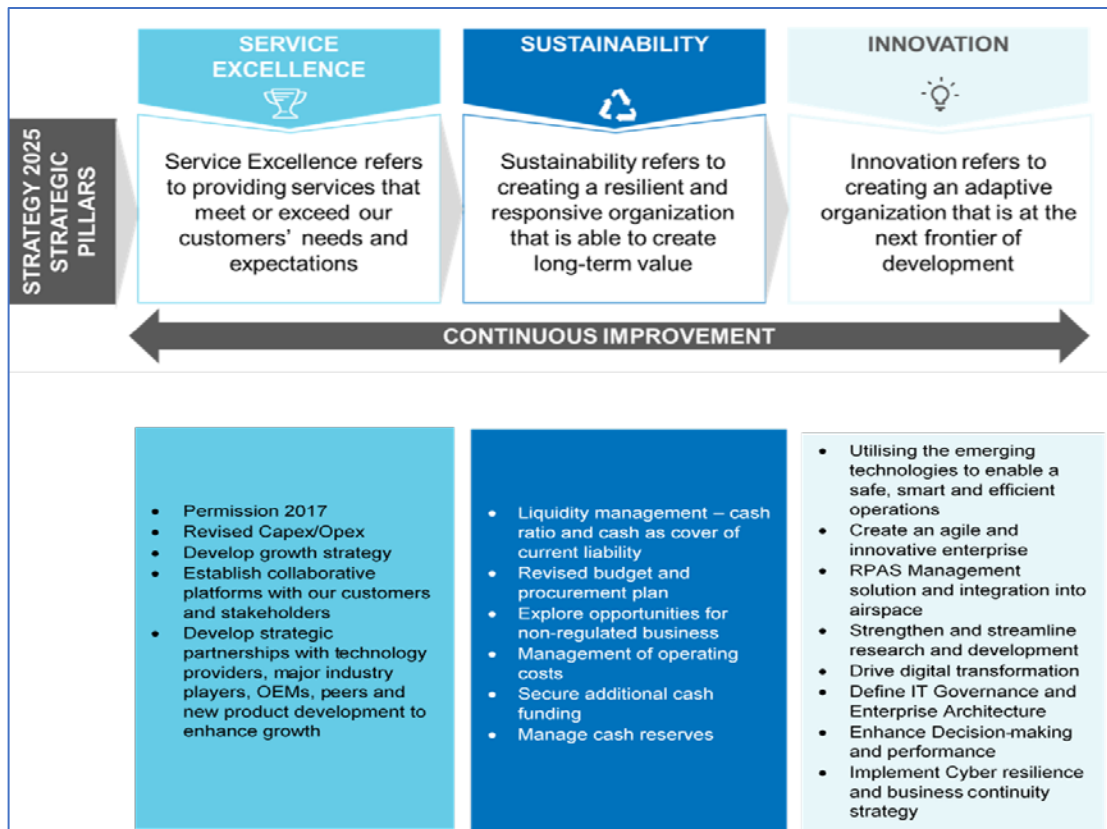


Figure 13: Resetting and Calibration of Strategic Pillars

5.5 Strategic Objectives and Initiatives

To create sustainable value creation, ATNS strategic objectives are broken into the six capitals: (1) natural capital, (2) social and relationship capital, (3) human capital, (4) intellectual capital, (5) manufactured capital, and (6) financial capital. This demonstrates the extent to which ATNS is concerned with people, planet, and its business. The company aims to create integrated and sustainable value by providing a single banner of service accountability to clients and to expand this service across the continent. Details regarding these KPIs are included in Appendix B.









Our value proposition is supported by:




- The creation of economic value for the country through supply-chain practices;
- Commitment to safety compliance and improved infrastructural systems through leading technology;

- The provision of training and career development for our people;
- The ability to attract and retain sector-specific staff competencies and critical skills in global demand;
- The ability to foster reliable industry partnerships; and
- Commitment to ethical business practices, environmental impact awareness, and proactive corporate social responsibility.

Although ATNS has identified 4 key focus areas for the short-term, there are 8 strategic initiatives which ATNS aims to focus on in the medium- to long-term. Strategic initiatives are the means through which ATNS' vision will be translated into practice. These initiatives are outside of the organisation's day-to-day operational activities and are designed to help the organisation achieve its targeted performance. ATNS' Strategic Initiatives are shown in the Table 7.



13 Strategic objectives	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
Icon								

Strategic Objectives	Strategic Initiative	Description
The Seven (7) priorities: Social Cohesion and Safe Communities		
	1. Safety Strategy	The Safety Strategy drives systematic and organisation-wide safety performance improvement by addressing the following themes: 1. Safety performance 2. People 3. Enabling fabric (Technology, Airspace and Procedures) 4. Work and business environment 5. Safety Governance and safety culture.
The Seven (7) priorities: Economic Transformation and Job Creation		
	2. Modernisation of business to improve efficiency	The Modernisation of the ATNS enterprise through superior IT 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.
	3. Growth and Financial Sustainability.	Growth of the ATNS business to achieve financial sustainability.
The Seven (7) priorities: A better Africa and World		






Strategic Objectives	Strategic Initiative	Description
	4. Emerging technologies	Utilising the emerging technologies to enable a safe, efficient and smart Single African Air Transport Market (SAATM).
The Seven (7) priorities: Social Cohesion and Safe Communities		
	5. People and Culture	Review the organisational structure to enable implementation of Strategy 2025. Additionally, define the desired culture to enable strategy implementation.
The Seven (7) priorities: Education, Skills and Health		
	6. Aviation Training Academy	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.
The Seven (7) priorities: Economic Transformation and Job Creation		
	7. Aviation Industry Transformation	Economic upliftment of the 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.
The Seven (7) priorities: A Capable, Ethical and Developmental State		
	8. Governance	Governance is the establishment of policies, and continuous monitoring of their proper implementation, by the members of the governing body of an organisation. It includes enterprise risk management, ethics, regulatory compliance and quality management.

Table 7: ATNS Strategic Initiatives

5.6 Annual Operational Plans

As stated, management had embarked on a process of developing Annual Operational Plans (AOPs) and an Annual Performance Plan (APP), which would underpin the Balanced Scorecard (BSC) 2021/22. The AOPs provide details on the programmes and inform the APP for each year of the strategy as per the Revised Framework for Strategic Annual Performance Plans (FSAPP), a requirement by the Department of Planning, Monitoring and Evaluation (DPME).

The proposed integrated APP will utilise 10 programmes that will channel strategic projects to deliver objectives as captured in year 1 of Strategy 2025. The updated integrated APP is shown in Table 8.

NDP/DOT Priority Outcomes		Strategic Plan					AOP	
Capital	Priority Outcome	Strategic Pillar	Strategic Outcome	Strategic Initiative	No.	Outcome Indicator	Programmes	Project
Financial Capital	Priority 3: Infrastructure Build that stimulates economic growth and job creation	Sustainability	OUTCOME 1 Maintain Financial Sustainability	Growth and Financial sustainability	1	EBIDTA(LBIDTA)	Programme 1 (Financial Management)	Management of company's overall financial performance.
					2	Current Ratio		Liability Management
					3	Cash as cover for Current Liabilities		Cash Management
					4	Cost to income ratio		Cost Containment
					5	Commitment	Programme 2 (Permission)	Revised Capex & Opex Plan
					6	Cash Flow		
					7	Capitalisation		
					8	Non-regulated business		Partnerships

NDP/DOT Priority Outcomes		Strategic Plan					AOP	
Capital	Priority Outcome	Strategic Pillar	Strategic Outcome	Strategic Initiative	No.	Outcome Indicator	Programmes	Project
							Programme 3 Growth Strategy	Billing System Growth Strategy implementation
Manufactured Capital	Priority 1 Transport Safety as an enabler of service delivery	Service Excellence	OUTCOME 2 Ensure Safety & Efficiency of Operations	Safety Strategy	9	Safety Ratio	Programme 4 Safety Strategy	Safety Matrix
					10	Accident Rate		
					11	Serious Incident Rate		
					12	Safety Management System (SMS) Maturity		
					13	SLA – Communication	System Availability	CNS System Availability
					14	SLA – Navigation		
					15	SLA – Surveillance	Customer Management	Customer Satisfaction
					16	Customer Satisfaction Index		
Intellectual Capital	Priority 7 Innovation	Service Excellence	OUTCOME 3 Create an adaptive and innovative enterprise	Business Modernisation	17	Diversification of training product line and offering	Programme 5 ATA	BSC KPI Project 1
					18			

NDP/DOT Priority Outcomes		Strategic Plan					AOP	
Capital	Priority Outcome	Strategic Pillar	Strategic Outcome	Strategic Initiative	No.	Outcome Indicator	Programmes	Project
						Modernisation/ Digitisation to deliver adaptive & efficient learning		BSC KPI Project 2
					19	Completion of R&D projects to enhance safety, efficiency & environment	Programme 6 (ATM)	Business Research
								ADS-B
								RPAS
								Digital Towers Bonisa
					20	Digital Transformation	Programme 7 (IT)	IT Governance and Architecture
								Digital Workplace
								Business Process Automation
								Modern BI
					21	Cyber Security		Information Security Governance
								Information Security Risk Management
								Information Security Awareness
					22	ERP System Implementation		

NDP/DOT Priority Outcomes		Strategic Plan					AOP	
Capital	Priority Outcome	Strategic Pillar	Strategic Outcome	Strategic Initiative	No.	Outcome Indicator	Programmes	Project
Human Capital	Priority 1 Economic Transformation and job creations	Service Excellence, Innovation & Sustainability	OUTCOME 4 Develop future fit workforce	People & Culture	23	Organisational Design	Programme 9 (Human Capital)	Organisational Design
					25	Culture & Values		Assessment and development of Culture & Value
								Co-create a Change and Communication plan with S&O
								NGAP
								CANSO - HPM
Human Capital	Priority 5 Accelerating transformation towards greater economic participation	Sustainability	OUTCOME 5 Increased business transformation	Aviation transformation	25	B-BBEE Level	Aviation transformation	Supplier Development
Natural Capital	Priority 8 Environmental Protection	Sustainability	Improved Environmental stewardship	No of sites implemented	26	EMS-Implementation	Programme 10 Environment Sustainability	Environmental Management Plan (EMP)

Table 8: Integrated susAPP

5.7 Our Stakeholders

ATNS recognises the importance of securing stakeholder support for our long-term success by enhancing transparency, sharing knowledge, and generating innovative solutions. The organisation regularly engages key stakeholder groups that are most relevant to the business. ATNS views the organisation's long-term commercial wellbeing and its stakeholders' interests as mutually inclusive. ATNS recognises that long-term sustainability of the business requires continuous dialogue and common ground with stakeholder groups to assess the impact of its operations on the wider stakeholder community. Accordingly, ATNS continues to review its business practices and impacts to better align with stakeholder priorities. As a result, the organisation was nominated as runner-up in the SACAA Awards' 'Customer Satisfaction' category.

5.7.1 Internal Stakeholders

ATNS internal stakeholders are those individuals or groups that can be considered as part of an organisation and are outlined in Figure 14.

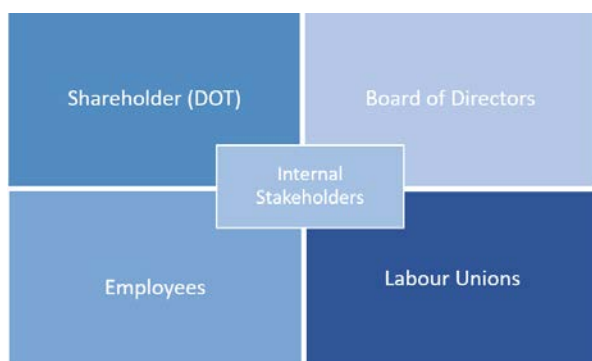


Figure 14: Internal Stakeholders

5.7.2 External Stakeholders

ATNS continuously identifies external stakeholders in line with the organisations' stakeholder management policy and annual plan. Our external stakeholders, shown in Figure 15, are those who have a direct and indirect interest in the company. Table 9 provides a stakeholder analysis, capturing the main areas of interest for key stakeholders, coupled with our response.



Figure 15: External stakeholders

14Main areas of interest / concern	ATNS' Stakeholder response
<ul style="list-style-type: none"> • Airspace Security • Compliance with legislation and Government Policies • Governance • Financial sustainability 	<ul style="list-style-type: none"> • Provide access to surveillance and radio communication data • Permanent liaison in the operating environment • Achievement of DoT Key Performance Indicators • Continue with the growth strategy and cost containment measures
<ul style="list-style-type: none"> • Compliance with Standard and Regulations • Permission Application 	<ul style="list-style-type: none"> • Annual internal and external audits and maintenance of SACAA issued operating licenses • Permission management plan and processes to enable approval
<ul style="list-style-type: none"> • Consolidation of airspace • Safety of airspace - Africa • Quality and Cost Efficiency 	<ul style="list-style-type: none"> • Upper Airspace Control Centre (UACC) • Bilateral • Implementation of communication networks (SADC VSAT II and NAFISAT) and Training • Permission stakeholder consultations • Continuous monitoring of service and efficiency performance in line with agreed SLAs
<ul style="list-style-type: none"> • Voice of ANSPs • Benchmarking • Peer-review mechanisms 	<ul style="list-style-type: none"> • Participating in relevant working commissions (local, regional and global) through attending meetings, submitting and commenting on working papers

Table 15: ATNS key Stakeholder concerns and responses

ATNS continues to engage its stakeholders to find sustainable solutions and mechanisms to deal with the effects of the pandemic and to craft a sustainable future. Ways in which ATNS have engaged our external stakeholders post the onset of Covid-19 are:

- **Economic Regulator:** In terms of Section 11 of the ATNS Act (45 of 1993), ATNS is required to submit a request for permission to levy regulated charges to the Regulating Committee (Regulator) for ATNS and ACSA. Accordingly, the Act prohibits ATNS from levying any air traffic charges unless it is in possession of a valid permission thereto.

The Act places an obligation on ATNS to apply to the Regulator for the issuance of a permission at the beginning of the third financial year of the period of validity of any permission held by the company. Consequently, ATNS was scheduled for a review of the existing permission in the third financial year (2020/21) of the 2018/19 – 2022/23 permission period. The new permission would have been from the 2021/22 financial year. However, as a result of the Covid-19 pandemic and with the support of the Industry Association, ATNS appealed to the Regulator to postpone the permission application process and to extend the current permission into the fourth year. As such, the fourth year of the current permission will come into effect.

- **Industry:** The Industry is represented by airlines associations, namely International Air Transport Association (IATA), Board of Airline Representatives of South Africa (BARSA), and Airlines Association of Southern Africa (AASA). ATNS engages with the industry through various forums which include the ATNS Operations Committee (Opscom) and ATNS Financial Committee (Fincom). During the Permission Application process, ATNS conducts Industry Consultation meetings which are aimed at fulfilling the requirement for Constructive Engagements between ourselves and the industry.

The onset of the Covid-19 pandemic and the subsequent lockdown has had a devastating impact on the aviation industry, with some of our stakeholders facing crippling financial pressures. As a means of alleviating the pressure, ATNS has made certain financial concessions which are aimed at assisting the airlines as they face an uncertain future given the prolonged effect of the pandemic.

6. ATNS Safety Management

6.1 Safety Strategy

ATNS' focus is to deliver safe and efficient air traffic control services to the aviation community. While both safety and efficiency are crucial in our service offering, safety takes precedence. It is our primary goal to ensure the safety of people and property. Figure 16 depicts the safety principles that guide the organisation.

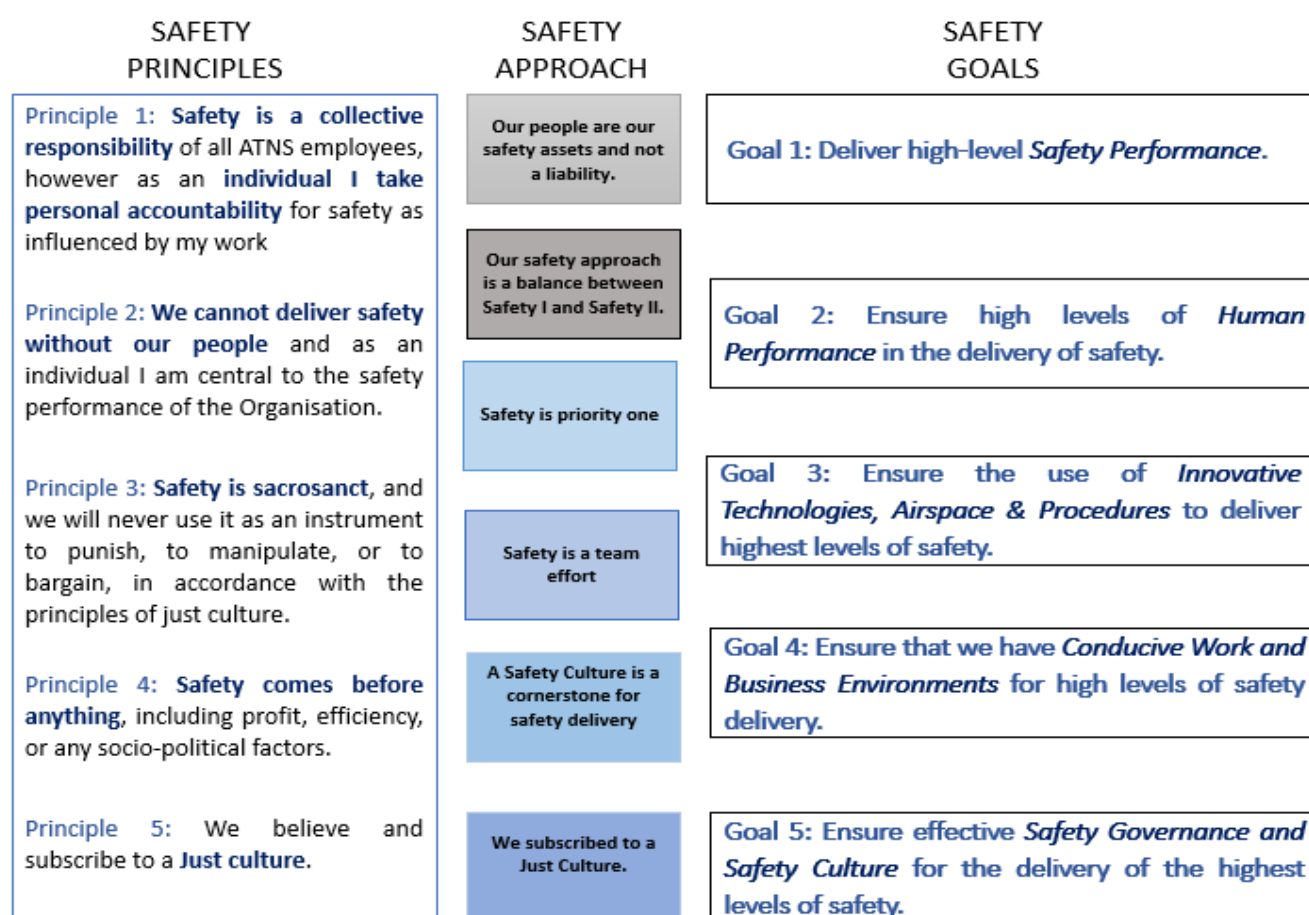


Figure 16: ATNS Safety Philosophy and Safety Goals

6.2 Key Safety Deliverables

ATNS is committed to implementing and developing appropriate strategies to ensure that all activities uphold the highest level of safety performance, and meet both national and

international standards. The key safety deliverables for the next 3 years are shared in Table 10.

SAFETY TARGETS				
	PREVIOUS YEAR	MTEF		
METRIC	2020/21	2021/22	2022/23	2023/24
Accident Rate	Zero ATS related accidents.	Zero ATS related accidents.	Zero ATS related accidents.	Zero ATS related accidents.
Safety Ratio	Safety Ratio of 7 or less safety events per 100 000 flights	Safety Ratio of 7 or less safety events per 100 000 flights.	Safety Ratio of 6 or less safety events per 100 000 flights.	Safety Ratio of 6 or less safety events per 100 000 flights.
Serious Incident Rate	Serious incident rate of 5 or less of serious (Cat A & B) safety incidents per 100 000 flights	Serious Incident Rate of 3 or less of serious (Cat A & B) safety incidents per 100 000 flights	Serious Incident Rate of 3 or less of serious (Cat A & B) safety incidents per 100 000 flights	Serious Incident Rate of 3 or less of serious (Cat A & B) safety incidents per 100 000 flights
Safety Management System (SMS) Maturity	Safety Management System (SMS) maturity Level C	Safety Management System (SMS) maturity Level C	Safety Management System (SMS) maturity Level C	Safety Management System (SMS) maturity Level C

Table 16: Key Safety Deliverables

7. Operational Efficiency

Operational efficiency is a service standard that measures the capability of ATNS' service delivery to the ATM Community in a cost-effective manner while still ensuring a high-quality service and support.

ATNS has two performance indicators that measure operational efficiency. The first indicator aims to measure the overall traffic delay and the second indicator measures the system availability of our technologies, namely Communication, Navigation, and Surveillance (CNS) systems in line with the prescribed service standards in the ATNS Act.

7.1 Average Delay per Delayed Flight

As part of continuous improvement, ATNS strives to measure the operational efficiency of its services, such as reducing the overall traffic delays at airports and the airspace. The term 'delay' is generally applied when an event occurs later than it was planned. ATNS routinely measures Instrument Flight Rules (IFR) departure delays arising from any operational disruption. Average time delay per delayed flight is measured on IFR departure delays and is calculated for the departure delays arising under the control of Air Traffic Management.

Departure delay is the difference between the actual off-block time (time when start is requested and approved) and expected off-block time (EOBT).

Flight plan EOBT is the metric that is used in relation to request start and approved start to measure departure delays. The main causes of departure delays relevant to Air Traffic Management are air traffic control flow restriction (ATFM) and those related to ground Air Traffic Control (approval delay). Operators might be early, on-time or delayed towards their

Average time delay per delayed flight = ATNS Total minutes of IFR departure delay / ATNS Number of delayed flights

Target of ADD is 360 seconds (6 minutes)

The target of 360 seconds was implemented in 2019/20 FY due to changes arisen on input data in the formula. This was calculated based on historical information using mean and median and taking the complexity of traffic volume for each unit into consideration.

System availability as per SLA – CNS

Achieved availability (Aa) is the indicator used to express system effectiveness. The availability percentage is an indicator of the failures experienced by the relevant systems during that period. i.e. the more failures experienced, the lower the availability average will be. The indicator is used to measure the performance of the operational infrastructure against agreed service delivery targets and inform mitigations that would ensure maintained continuity of service. The annual system availability targets for the CNS technologies is as per below:-

- Communication Systems (C) : 99,67 %
- Navigation Systems (N) : 98,65%
- Surveillance (S): 99, 77%.

8. Financial Overview

ATNS creates financial value for the company through its regulated and non-regulated business activities. The ATM industry in South Africa is linked to growth in air traffic movements and overall economic growth. The company projects its revenue based on expected air traffic movement growth and tariffs granted by the Regulating Committee (tariff revenue) as well as non-regulated revenues which are not linked to movements. During the 2020/21 financial year, the company's performance was significantly impacted by the Covid-19 global pandemic. The operations of the business were reviewed and the budget and forecasts were revised.

8.1 Impact of Covid-19 on Tariff Revenue

The impact of the Covid-19 pandemic on ATNS' aeronautical revenue has been significant. The following figures illustrate this:

- Figure 19: Revenue Movements;
- Figure 20: Tariff Revenue;
- Figure 21: Cash reserves; and

The figures further demonstrate the devastating impact of the lockdown on the organisation's ability to earn aeronautical revenue, with the number of revenue movements in September 2020 being just under a third of revenue movements in the same period last year.

The impact of Covid-19 on billable movements between April 2020 and September 2020 is indicated in Figure 17. ATNS experienced a total of 25 310 movements compared to 156,804 during the same period in 2019/20 FY.

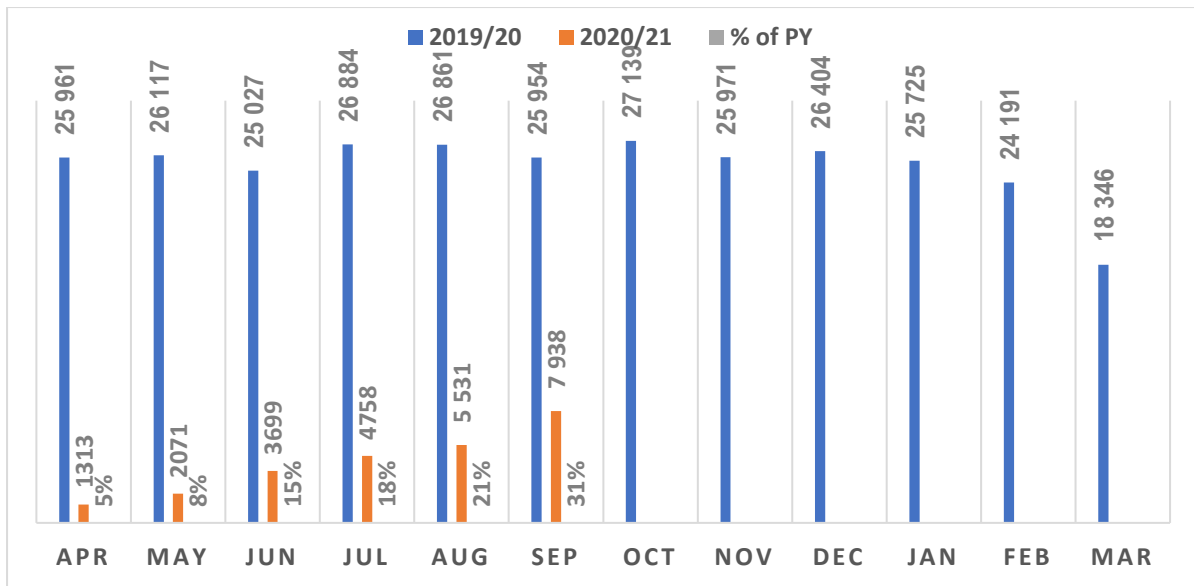


Figure 17: Revenue movements

The billable revenue between April and September was R 97,282,987 compared to R 739,300,644 in 2019 as depicted in Figure 18. As at the end of September 2020, at an aggregate level, ATNS has lost 5.3 months' worth of tariff revenue or 159 days of revenue generation.

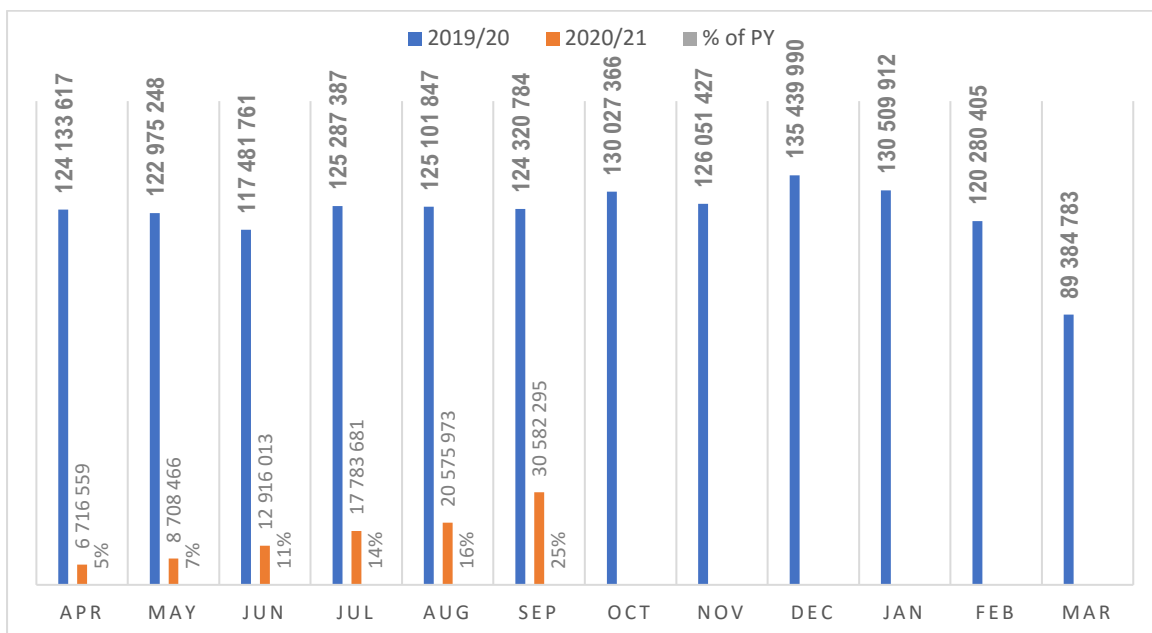


Figure 18: Tariff revenue

As at March 2020, ATNS reported a cash reserve of R 1 602 million. Due to declined billable revenue the cash reserves dropped to R 1 219 million at the end of September 2020 as indicated in Figure 19.

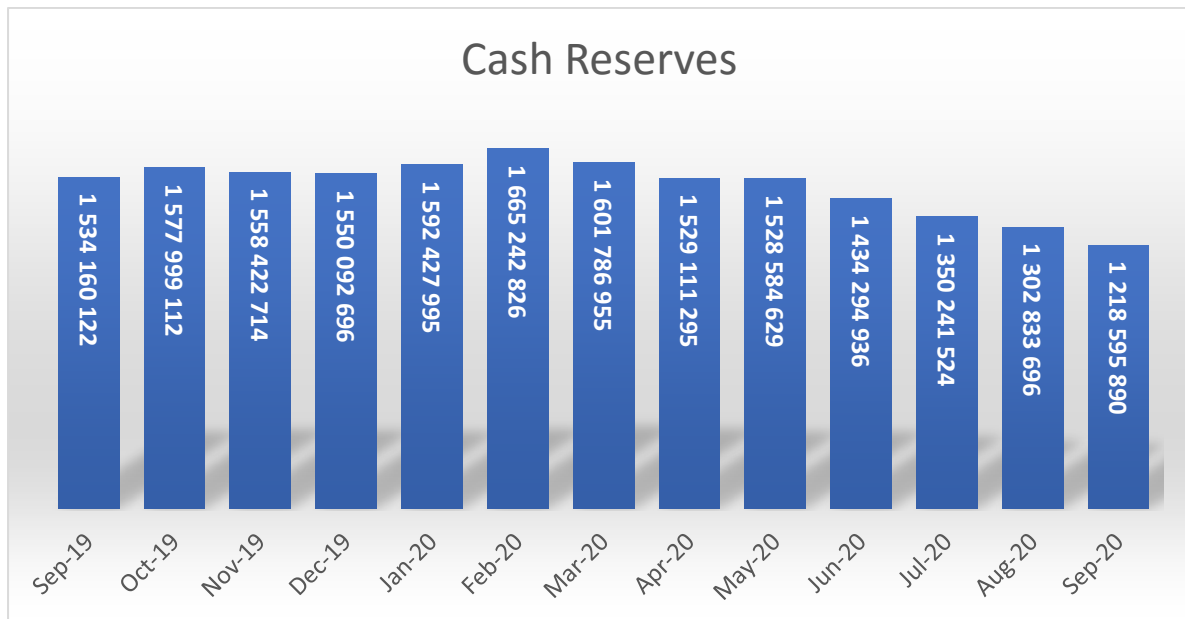


Figure 19: Cash Reserves

8.2 ATNS Revenue Sources

Table 11 depicts the projected financial performance of the entity for the period under review.

Statement of Financial Performance	ACTUAL 2019/20	FORECAST 2020/21	BUDGET 2021/22	PROJECTIONS 2022/23	PROJECTIONS 2023/24	3 Year Growth
Tariff Revenue	1 462 924	466 780	1 123 151	1 347 782	1 455 604	9,0%
Other Revenue	217 706	97 361	137 880	170 123	190 596	11,4%
Total Revenue	1 680 630	564 141	1 261 032	1 517 905	1 646 200	9,3%
Salaries and Related Costs	1 011 801	950 577	1 012 135	1 052 621	1 094 725	2,6%
Traveling Expenses	58 732	20 000	30 000	40 010	41 610	11,5%
Telecommunication Expenses	59 346	62 873	64 000	66 560	69 222	2,6%
Administration Fees	235 280	106 603	107 413	92 657	74 126	-11,6%
Electronic Maintenance	52 944	60 000	63 000	65 520	68 141	2,6%
Professional Fees	27 350	22 247	31 722	32 991	34 310	2,6%
Other Operational Expenditure	44 466	124 247	110 474	114 733	119 323	2,6%
Total Operating Expenses	1 489 920	1 346 546	1 418 745	1 465 091	1 501 457	1,9%
EBITDA	190 710	(782 405)	(157 713)	52 813	144 742	-197,2%
Overhead Expenditure	182 690	171 722	175 268	180 000	185 400	1,9%
Net Funding	(86 650)	(34 552)	(4 452)	4 342	7 841	-220,8%
Profit Before Tax	94 670	(919 575)	(328 530)	(131 529)	(48 499)	-47,1%
Tax	27 372	-	-	-	-	-
Net Profit After Tax	67 298	(919 575)	(328 530)	(131 529)	(48 499)	-47,1%

Table 17: Consolidated Statement of Financial Performance (All values in R'000)

Amongst others, the following key assumptions have been made:

- Tariff revenue will not reach the levels prior to 2020 FY until the FY2023/24; and
- The impact of Isando project has not been factored into the financial forecasts.

ATNS' revenue sources are received mainly from the en-route and approach fees, which account for approximately 88% of revenue based on pre-Covid-19 projections. Figure 20 depicts the ATNS revenue split.

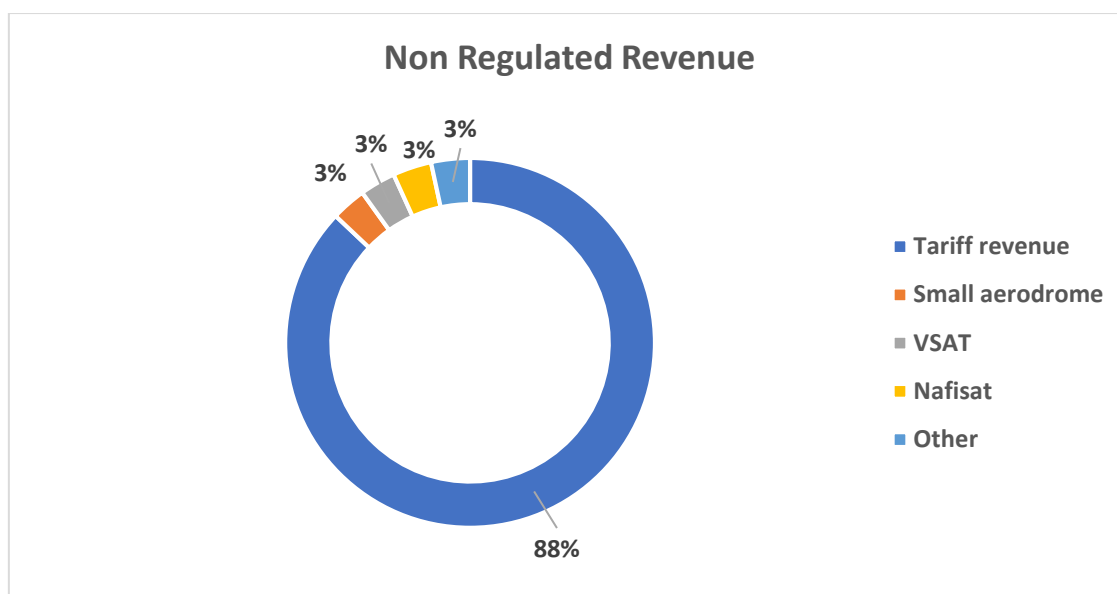


Figure 20: ATNS Revenue Split

8.2.1 Tariff revenue

The gazetted increases are shared in Table 12.

Description	2019/20	2020/21	2021/22	2022/23
CPI	5.1%	5.4%	5.6%	5.3%
X	4.6%	0.4%	5.0%	3.2%
Total tariff increase	0.5%	5.0%	0.6%	2.1%
Traffic movement increases	2.20%	2.10%	2.14%	1.98

Table 18: Tariff Increases

ATNS had initiated engagements with the Industry and RC around the upcoming Permission review in 2019 as part of the Permission application process. This process has since been suspended until further notice by the RC at the request of Industry and the regulated entities, ACSA and ATNS.

8.2.2 Other revenue

Other revenue is projected to increase by 10% over the three-year period. The other revenue is expected to recover faster than traffic revenue as the domestic, regional, and international markets are resuscitated over the three-year period.

8.3 ATNS Expenses

ATNS has put cost-containment measures in place in response to the pandemic. Salaries and related costs remain the largest cost element; staff costs account for 60% of the total revenue. Salaries and related costs are expected to increase by 2.6% over the three years. The following factors have been considered in the determination of the personnel headcount and related costs:

- On-time availability of human resources to provide critical services; and
- Provision of safe and efficient air traffic management services.

Increases in the other expenditure items is largely due to inflation.

8.4 Financial Position

During the pre Covid-19 period, ATNS maintained a strong financial position and the entity maintained healthy current ratios and cash reserves amongst other financial indicators, as depicted in Table 13. During the lockdown period, ATNS has had to rely on cash reserves as a result of significantly reduced revenues due to low billable traffic movements.

Abridged Statement of Financial Position	ACTUAL 2019/20	Forecast 2020/21	BUDGET 2021/22	PROJECTIONS 2022/23	PROJECTIONS 2023/24
Assets					
Non-current assets	1 537 138	1 538 653	1 707 301	1 710 372	1 648 044
Current assets - Cash	1 601 787	638 303	196 759	97 216	88 605
Current assets - Other	197 566	265 244	196 794	161 589	172 280
Total assets	3 336 491	2 442 199	2 100 855	1 969 177	1 908 929
Equity and Liabilities					
Total equity	2 898 924	1 979 349	1 650 819	1 519 290	1 470 791
Non-current liabilities	113 982	90 996	84 986	78 976	72 966
Current liabilities	323 584	371 854	365 050	370 911	365 172
Total equity and Liabilities	3 336 491	2 442 199	2 100 855	1 969 177	1 908 929

Table 19: Consolidated Statement of Financial Position

9. Infrastructure Development - Asset Value Creation

ATNS provides and maintains reliable airspace infrastructure in South Africa, enabling the delivery of air traffic services in a safe and efficient manner. In line with the Shareholder mandate to deliver safe skies and customer-centric services, our leading CNS technology creates advanced infrastructural value for the company and the country's air traffic navigation

sector. ATNS invests in new and pioneering ATM technology to manage and control the national airspace system. ATNS continuously monitors its infrastructure and reliability of service. As a result, we have set performance measures to ensure that we create infrastructure value for the South African ATM sector.

Through its manufactured capital and infrastructural value creation, ATNS supports the National Development Plan (NDP) 2030 by facilitating the achievement of the following DoT outcomes:

- A transport sector that is safe;
- An increased contribution to job creation; and
- An efficient and integrated transport infrastructure network for social and economic development and increased contribution of transport to environmental sustainability.

9.1 Air Traffic Movements

ATNS ATM ensures the provision and maintenance of ATNS service delivery through the safe collaborative integration of humans, information, technology, facilities and services within the ATM system.

The ATM initiatives undertaken through the deployment of systems, procedures and techniques will contribute to improved safety, increased efficiency and greater cost-effectiveness to users. The organisation seeks to achieve enhanced safety and operational efficiencies through the realisation of Continuous Climb Operations (CCO) and Continuous Descent Operations (CDO) through Performance Based Navigation (PBN).

Presently, future navigation and other ATM systems are data-dependent; all requiring access to globally harmonised and standardised Aeronautical Information of a considerably higher quality and timeliness than is generally available to-date. The enhancement of ATNS Aeronautical Information Management (AIM) capabilities will improve data distribution and accessibility within System Wide Information Management (SWIM).

9.2 Research and Development

ATNS aims to extend its stewardship beyond the arena of ATM service provision by contributing to the technology innovation value chain and developing domestically consumed technologies where feasible. The organisation developed the ATNS Research and Development Strategy in December 2018, which led to the establishment of the ATNS Research Steering Committee (ARSC).

As part of its roles and responsibilities, the ARSC investigates shortcomings that have been identified within the operations of ATNS. These identified shortcomings could either be from international progress in ATM service provision or the emergence of disruptive activities within the current ATM ecosystem (such as drones). The ATM Research Department investigates the impact of identified operational shortcomings and proposes new ways of managing them through updating current operational processes, proposing new operational processes, or developing new concepts of operations (CONOPS).

The ATNS Research and Development Strategy emphasises a methodology where research activities are undertaken with the purpose to innovate, develop, enhance and validate technology solutions. The projects undertaken by ATNS aim to improve safety, efficiency and environmental stewardship. The solutions developed also focus on cost-effectiveness to ensure that they may be affordable to the AFI Region. The Research and Development Strategy also provides technical leadership, both internal and external to the organisation.

ATNS founded the AVI Afrique Aviation Innovation Summit, which was inaugurated in November 2012. The forum aims to integrate research and innovation, ensuring that solutions in the continent are relevant to the African market and address the needs that may not necessarily be met by research programmes in the US (NEXTGEN) and Europe (SESAR).

ATNS also conducts an innovation challenge as a platform to encourage innovation within its employee population and educate them on Intellectual Property (IP) protocols. The idea submission template is tailored to resemble the organisation's IP declaration form and knowledge is disseminated to the employees through the organisation's Knowledge Management structures.

9.3 Impact of Covid-19 on Capex and Opex Plans

ATNS operates in an environment where the Company is required to maintain foresightedness in pre-empting the demand for air traffic capacity, services, and technology, as expected and articulated by the stakeholders and users in the South African regulated and continental non-regulated environments.

The acquisition, establishment, development, provision, maintenance and operation of CNS infrastructure is underpinned by the national public procurement framework, cognisant of the need to support the national development goals and value for money objectives in line with stakeholder expectations. This infrastructure investment represents the necessary baseline upon which operational improvements and their associated benefits can be achieved.

ATNS spends a substantial proportion of its budget on capital projects and the ability of the organisation to fulfil its mandate hinges heavily on the infrastructure and the systems that should be installed and maintained. ATNS continues to contribute towards the infrastructure development and high-level investment plan for the national transport sector.

The overall strategy serves to provide industry-wide transparency and essential investment certainty for operators, equipment manufacturers, and ANSPs. ATNS' long-term strategy and associated planning addresses the requirements to increase user flexibility and maximise operating efficiencies. This will in turn lead to increased system capacity and improved safety levels in the future ATNS ATM/CNS system. ATNS' capex and opex plans have been reprioritised to reduce resource loading and to better suit the current realities. However, there are opportunities brought forward by the Covid-19 pandemic, such as digital platforms introduced by the IT department. Table 14 and Table 15 indicate the planned versus revised capex targets.

20	2020/21	2021/22	2022/23	Total
Commitments	R123m	R72m	R95m	R290m
Cash Flow	R313m	R565m	R172m	R1,634b
Capitalisation	R491m	R296m	R485m	R1,613b

Table 21: 2017 Permission – Planned Capex Targets

	2020/21	2021/22	2022/23	Total
Commitments	R104,7m	R423,6m	R86,6m	R614,6m
Cash Flow	R166,3m	R318,9m	R353,9m	R839,1m
Capitalisation	R118,3m	R229,3m	R312,8m	R660,4m

Table 23: Revised Capex Targets

9.3.1 ATNS Capex Deployment Plan

The reprioritised capital expenditure plan represents the reasonable requirements of ATNS to deliver on the expectations of the various ATM community members. The main drivers for the capex portfolio of the projects and investment plan are primarily driven by:

- The end of life replacements addressing current infrastructure obsolescence necessary for sustaining the current services and operating environment;
- The new projects driven by future operating environment as depicted by Aviation System Block Upgrades framework (ASBU) implementation / ICAO plans;
- The projects in progress from the 2014 Permission (2015/2016 to 2019/2020); and
- The capital investment required to sustain current services and allow new services and technologies to be deployed in order to lead expected operational demands and to meet the air traffic management objectives.

The strategic response to the Covid-19 pandemic and national lockdown has also accelerated the need for new projects, especially the migration to an information management environment. As a result, the reprioritised capex plan includes critical IT projects, such as:

- Aviation Training Academy (ATA) Virtual Training;
- Computing and Storage Server;
- Cloud Compute and Storage Infrastructure;
- Digital Signing + Workflow Solution;
- Cybersecurity Awareness and Training (SAT); and
- Back scanning to Digitisation and Offsite Storage Facility.

The other projects that have been reprioritised in 2021/22 financial year include:

- The replacement of tools;
- Test equipment, Electrical and Mechanical; and
- Office furniture and fittings.

9.3.2 Integrated Logistic Support

The maintenance and support philosophy within ATNS has been designed to react promptly to equipment and system failure; to restore service in the quickest time possible; to minimise increased cost and interruption to normal operations; to ensure safe operations at all times; and to meet expectations of the aviation community. All the support structures are aligned with an operational lifespan of 15 years for major capex CNS and display system infrastructure, and the minor systems having an operational life span of between 7 and 10 years.

ATNS' maintenance and support philosophy is outlined within the Logistic Management Plan (LMP), whilst the level and extent of the maintenance support system developed for each project is determined by its size and complexity of the project.

The technical staff members are trained to carry out the routine and corrective maintenance on operational systems, as prescribed by ICAO, the SACAA CATS Part 171, and/or the system OEM. Infrastructure support agreements in place with OEMs assist the ATNS support environment in all aspects where specialised system interventions are required, mainly in the form of spares provision, software support (commonly referred to as Depot level (Level D) support), obsolescence management, system enhancements, and evolutions managements.

These support activities include all Operator (Level O) and Intermediate (Level I) maintenance by staff at the sites and the local workshop. This further includes maintenance of the buildings occupied by the employees, infrastructure (such as the roads, grass cutting, fencing, aerals, power), and communications from the point of supply.

The performance of systems is based on (1) reliability (Mean Time between Failures), (2) maintainability (Mean Time to Repair) and (3) availability. The technical staff's development and support environment for all equipment, both existing and supplied under new projects is based on these three objectives.

SUPPORTING FRAMEWORKS

Annexure A: Governance Structure and Control Framework

Our Corporate Governance

An independent Board of Directors, appointed by the Minister of Transport, is responsible for the strategic direction and oversight of ATNS. The Chief Executive Officer (CEO), with the support of the executive committee (exco), is responsible for the daily management of the company.

The ATNS governance framework is determined by various legislation and standards, with specific reference to:

- The Constitution of South Africa
- ATNS Company Act, 1993 (45 of 1993);
- The Civil Aviation Act (13 of 2009);
- Protocol on Corporate Governance for the Public Sector 2002;
- King IV Report on Corporate Governance™ in South Africa 2016 (King IV™);
- Public Finance Management Act, 1999 (1 of 1999) (PFMA) as amended;
- Treasury Regulations; and
- The Companies Act 71 of 2008 (the Companies Act).

ATNS Control Framework

The Company's control framework encompasses various governance and operational management components, including:

- Internal audit;
- Fraud prevention, detection and investigation;
- Enterprise Risk Management (ERM);
- Performance Management (Including safety, health, environment and quality);
- Information Technology (IT) management and IT governance; and
- Regulatory Compliance (including the ATNS Permission application process).

Our mission, vision and values form the keystone of our control environment and we emphasise the application of ATNS' Code of Ethics across all our business practices. Monitoring of control efficacy is further facilitated through:

- On-going activities that are built into the Company's normal, recurring operating activities, such as the Quality Management System (QMS) and safety regulation assurance and compliance;
- Separate evaluations, such as combined assurance and internal auditing activities;
- Monthly risk registers;
- The use of key risk indicators, which enable ongoing monitoring of risks to reduce both impacts and likelihood of occurrence;
- Monthly monitoring and review of the risk register by the Internal Audit department;
- Quarterly monitoring and review of risk management activities by Executive Risk Management (ERM) and Audit and Risk Committees; and
- Ongoing monitoring of regulatory compliance control with annual assurance from internal audit.

Structure of the Board

The Board of Directors exercises their oversight of ATNS based on objectivity and independence. The Directors are collectively responsible for directing and managing company affairs. The CEO and the exco team manage the day-to-day activities of the company to ensure that the Company's strategy, policies and mandate are implemented and monitored. In appointing the Board, the Shareholder has maintained a unitary Board, with a sufficient variety of skills to lead the company effectively and efficiently.

Corporate Governance Framework

ATNS is committed to sound corporate governance practices, which are continuously reviewed to ensure that leading practice standards are maintained as recommended by the King IV™. The Company's governance practices are underpinned by the values and principles that inform the Company's day-to-day activities, including responsiveness, collaboration, transparency, integrity and accountability.

As an SOC, ATNS' governance relationship with its sole Shareholder, the Government of South Africa, exercised through the Minister of Transport is managed through the Shareholder's Compact. The Compact sets out the Shareholder's commercial and developmental requirements and expectations.

The Board of Directors is the focal point and the custodian of the Company's governance framework through its committee structures, its relationship with management, its Shareholder and other Company stakeholders. The primary purpose of the Board of Directors is to provide strategic direction to ensure the Company fulfils its statutory, commercial and developmental objectives.

Board of Directors

Appointment of Directors

The appointment of directors' is a formal and transparent process and a matter considered by the Shareholder. The appointment of directors is facilitated by the Department of Transport Oversight Unit.

All appointments are subject to approval by the Shareholder Minister, as well as 'fit and proper' tests in terms of the Public Finance Management Act, the Companies Act, and any other applicable legislation.

The ATNS Board of Directors 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 matters of policy that the Shareholder and the Board of Directors ought to follow to ensure good corporate governance. The Board of Directors regards the Charter as a living document and it is updated periodically to align with changes required by relevant legislation and regulations. Figure 21 and Figure 22 illustrate the Board governance interaction, composition and functions.

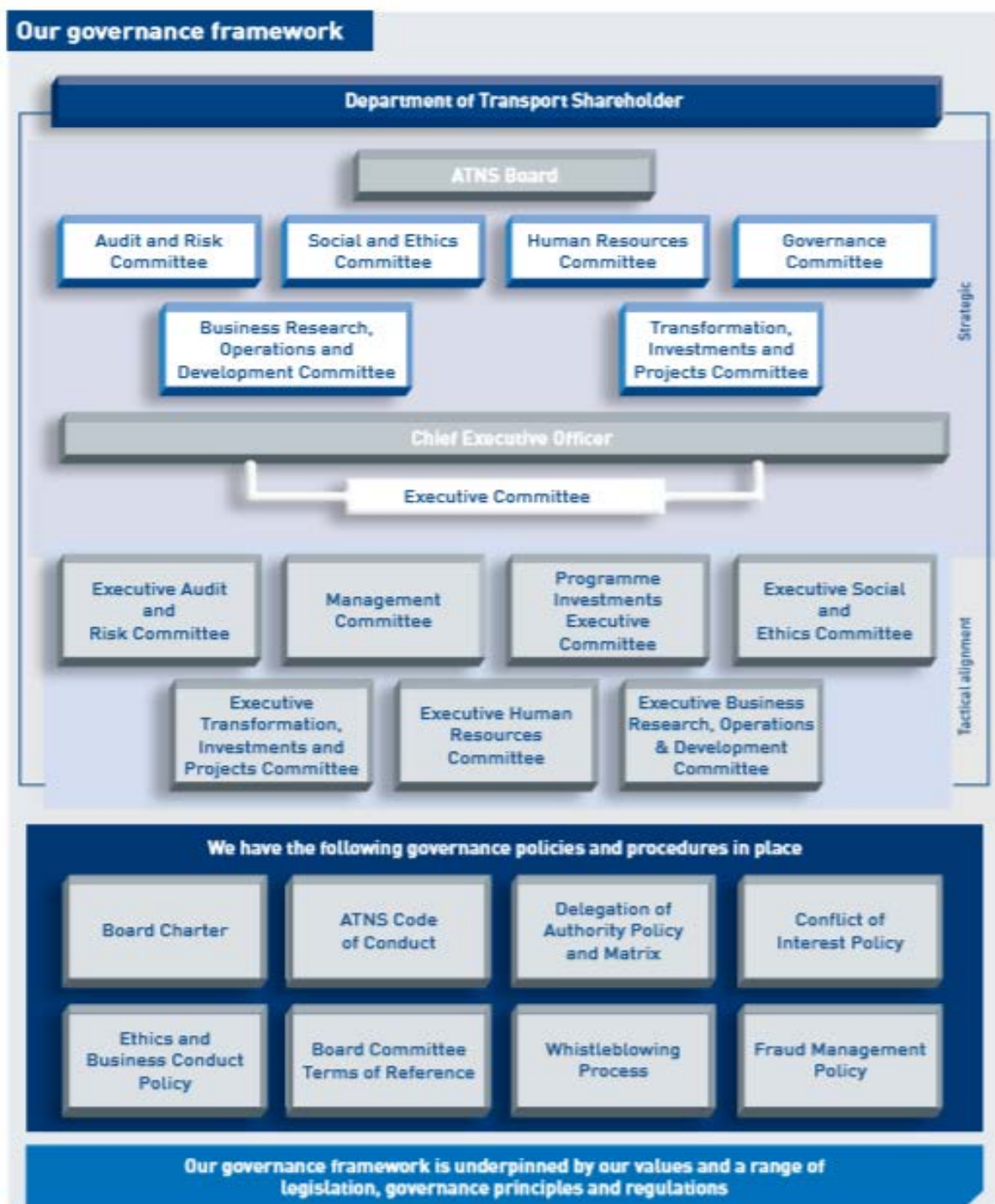


Figure 14: ATNS Corporate Governance Framework

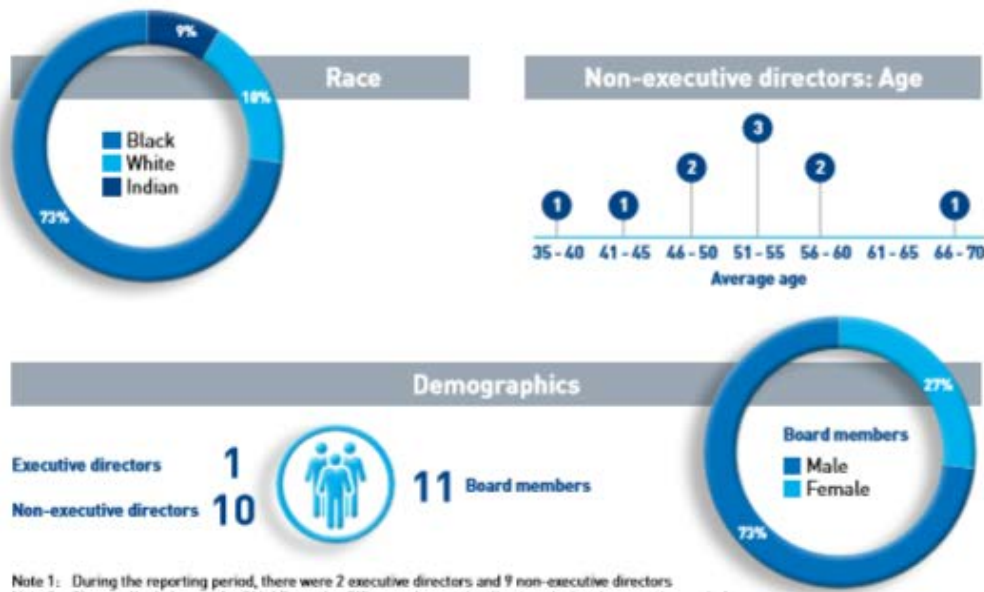









Figure 2: Board Composition and representation

Roles and Responsibilities

The Board of Directors conducts its business in accordance with the principles of King IV™, which include exercising discipline, independence, responsibility, fairness, social responsibility and transparency, and the accountability of directors to all stakeholders. The Board Charter sets out its role and responsibilities.

BOARD	COMPOSITION	CORE FUNCTIONS
 <p>ATNS Board of Directors</p>	<ul style="list-style-type: none"> • Chair: Non Executive • 1 Executive Director • 10 Non-Executive Directors • Convenes: 4p/a • 3 Executives 	<p>Oversight:</p> <ul style="list-style-type: none"> • The Board of Directors exercises their oversight of ATNS on the basis of objectivity and independence. • The Directors are collectively responsible for directing and managing the company affairs. • Providing effective leadership based on an ethical foundation. • Contributing towards and approving the strategic direction of the company. • Defining levels of authority and approving the framework for delegating authority.
BOARD COMMITTEES		
 <p>Audit and Risk Committee</p>	<ul style="list-style-type: none"> • Chair: Non Executive • 5 Non-Executive Directors • 4 Executives • Convenes: 4p/a 	<p>Oversight:</p> <ul style="list-style-type: none"> • Monitors financial controls and reporting • Reviews audit plans and adherence by external and internal auditors • Ascertains reliability of audits • Ensures financial reporting complies with IFRS and Companies Act • Oversight of financial matters • Nominates auditors for appointment • Monitors risk appetite and controls • Governance of risk and IT
 <p>Human Resources Committee</p>	<ul style="list-style-type: none"> • Chair: Non Executive • 5 Non-Executive Directors • 4 Executives • Convenes: 4p/a • 	<p>Oversight:</p> <ul style="list-style-type: none"> • Establishes overall principles of reward and remuneration • Determines remuneration of executive directors and executive heads in line with the market • Ensures compliance with relevant laws and regulations • Considers, reviews and approves group policy on executive remuneration • Reports on remuneration to stakeholders in the company's integrated report
 <p>Social and Ethics Committee</p>	<ul style="list-style-type: none"> • Chair: Non Executive • 6 Non-Executive Directors • 4 Executives • Convenes: 4p/a • 	<p>Oversight:</p> <ul style="list-style-type: none"> • Monitors and develops compliance with section 72(8) of the Companies Act (read in conjunction with regulation 43) • Assists the board with oversight of social and ethical matters related to the company, including: <ul style="list-style-type: none"> » good corporate citizenship » environment » health and public and safety » consumer relationships, labour and employment
 <p>Transformation, Investments and Projects Committee</p>	<ul style="list-style-type: none"> • Chair: Non Executive • 5 Non-Executive Directors • 4 Executives • Convenes: 4p/a • 	<p>Oversight:</p> <ul style="list-style-type: none"> • Oversees the ATNS capital expenditure programme in line with the economic regulator Permission document • Ensures that appropriate procurement and provisioning systems are fair, equitable, transparent, competitive and cost-effective
 <p>Business Research, Operations and Development Committee</p>	<ul style="list-style-type: none"> • Chair: Non Executive • 6 Non-Executive Directors • 4 Executives • Convenes: 4p/a • 	<p>Oversight:</p> <ul style="list-style-type: none"> • Assesses and evaluates the viability of ATNS International • Formulates the ATNS International strategy • Established in accordance with applicable legislation • The implementation of ATNS's African strategy is aligned with ATNS's strategic objectives • Evaluates and recommends business opportunities to the board • Provides oversight on business operations • Monitors operational performance
 <p>Governance Committee</p>	<ul style="list-style-type: none"> • Chair: Non Executive • 6 Non-Executive Directors • 2 Executive Directors • Convenes: 4p/a • 	<p>Oversight:</p> <ul style="list-style-type: none"> • Reviews the effectiveness and composition of the board and its committees • Reviews the general governance structures, processes and policies

*The Executives who are standing attendees to all the Board Committees are, **Chief Executive Officer, Chief Financial Officer, Chief Operations Officer and Chief Audit Executive.**

Figure 23: Governance Board

Conflict of Interest

On an annual basis, the Company actively solicits from its directors' details regarding external shareholdings, directorships, contractual relationships, and any form of relationship that have the potential to create conflicts of interests while they serve as directors on the Board. The declarations received from the directors are closely scrutinised by both the chairman of the Board and the company secretary and are tabled annually at the beginning of each Board cycle. At every Board, Board committee, exco and other management committee meetings, every member is required to declare or confirm absence of any potential conflict of interest before deliberations. Where a conflict arises, directors and executives are required to recuse themselves from the discussions.

Board Composition

DIRECTOR	COMMITTEES	AREAS OF EXPERTISE	ACADEMIC QUALIFICATION	DATE OF 1ST APPOINTMENT	ACTIVE MEMBERSHIPS ON OTHER BOARDS
SIMPHIWE THOBELA Chairman 26 March 1972	<ul style="list-style-type: none"> Governance Committee Social and Ethics Committee Human Resource Committee Business Research, Operations and Development Committee 	<ul style="list-style-type: none"> Leadership Governance Financial management SCM 	<ul style="list-style-type: none"> BCom Logistics Post Graduate Diploma in Public Management Master of Town and Regional Planning PhD Candidate 	21 May 2018	<ul style="list-style-type: none"> MICT SETA
SULEMAN BADAT 20 November 1962	<ul style="list-style-type: none"> Governance Committee Social and Ethics Committee Audit and Risk Committee Business Research, Operations and Development Committee 	<ul style="list-style-type: none"> Governance Risk management Compliance Financial management & auditing 	<ul style="list-style-type: none"> Bachelor of Accountancy Certificate of Risk Management and Assurance (IIA) Chartered Accountant South Africa CA(SA) 	13 April 2018	Audit Committee member to the following entities: <ul style="list-style-type: none"> Marine Living resource Fund; National Regulator for compulsory specification National Consumer Tribunal MICT SETA
KYANSAMBO VUNDLA 10 October 1978	<ul style="list-style-type: none"> Governance Committee Transformation, Investments and Projects Committee Audit and Risk Committee Social and Ethics Committee 	<ul style="list-style-type: none"> Financial management Insurance 	<ul style="list-style-type: none"> BCom Accounting Higher Postgraduate Diploma Accounting Postgraduate diploma in Mechanics of Project Finance Chartered Accountant South Africa CA(SA) 	13 April 2018	Workforce Limited
NOMATHEMBA KUBHEKA 1 January 1967	<ul style="list-style-type: none"> Human Resource Committee Social and Ethics Committee Transformation, Investment and Projects Committee 	<ul style="list-style-type: none"> Talent management and skills development Corporate negotiations Project management 	<ul style="list-style-type: none"> Bachelor of Arts in Education MSc in Building 	22 August 2018	<ul style="list-style-type: none"> SANCO Development Institute (SDI) SANCO Investment Group (SIG)

		<ul style="list-style-type: none"> • R&D planning • Logistics • Property development and facilities management 			<ul style="list-style-type: none"> • Mining Qualification Authority (MQA)
ZENZELE MYEZA 20 July 1960	<ul style="list-style-type: none"> • Governance Committee • Business Research Operations and Development Committee • Transformation, Investment and Projects Committee • Audit and Risk Committee 	<ul style="list-style-type: none"> • Financial management • Investment management • Auditing • Risk management • Information Technology • Business development • Operations • Marketing management • Property management • Project management • Human resources • Property development and facilities management 	<ul style="list-style-type: none"> • BCom Accounting • MBA • Certificate in Aviation Management • Certificate in Corporate Governance • Certificate in Retail Management • Property Development Programme (PDP) 	13 April 2018	<ul style="list-style-type: none"> • Chas Everitt International Property Group • NHBRC
NLJ NGEMA 25 September 1950	<ul style="list-style-type: none"> • Governance Committee • Business Research, Operations and Development Committee • Social and Ethics Committee (resigned December 2018) • Human Resource Committee (resigned December 2018) 	<ul style="list-style-type: none"> • Strategic planning • Policy formulation • Strategy formulation • Resource management • Driving transformation • Aviation aerospace 	<ul style="list-style-type: none"> • Private Pilot's Licence (CAA Nigeria) • Commercial Pilot's Licence (CAA UK) with the following rating: Instrument rating, night rating, multi engine rating, and flight instructor rating. • Airline Transport Pilot's Licence (FAA USA) rated on the following a/c: Boeing B767, BAE 146, Viscount 700 & 800, BE200, BE55, PA23, PC6, Cessnas 182, 172, 152 & 150 (aerobatics) Military Senior Command and Staff Diploma • Senior Management Programme 	13 April 2018	

			<ul style="list-style-type: none"> Defence Resource Management Defence Management (WITS) Advance Air Operations Law certificate AVIATION Leaders Programme in Public Policy 		
KHULILE BOQWANA 28 July 1972	<ul style="list-style-type: none"> Governance Committee Audit and Risk Committee Human Resource Committee Transformation, Investment and Projects Committee Social and Ethics Committee (resigned September 2018) 	<ul style="list-style-type: none"> Investment and regulation Airport infrastructure regulation Broadcasting and telecommunications Energy regulation Corporate strategy Corporate governance Policy regulation project management 	<ul style="list-style-type: none"> Senior Teacher's Diploma B Compt Master's in business leadership 	13 April 2018	
JANE TREMBATH 19 May 1965	<ul style="list-style-type: none"> Audit and Risk Committee Business Research, Operations and Development Committee Social and Ethics Committee 	<ul style="list-style-type: none"> Air traffic management Airspace 	<ul style="list-style-type: none"> Senior Airline captain Airline Transport Pilot Licence Commander on Airbus 340, Airbus 330, Boeing 737-800, Boeing 737-200 	01 February 2019	

CHRIS BURGER 26 September 1964	<ul style="list-style-type: none"> Human Resource Committee Business Research, Operations and Development Committee Transformation, Investment and Projects Committee 	<ul style="list-style-type: none"> Information and communication systems engineering Manned and unmanned aircraft operations Technology innovation and development Regulatory policy formulation Aviation and technology training 	<ul style="list-style-type: none"> MEng Degree in Electronic Engineering BCom in Aviation Management Airline Transport Pilot Licences and Instructor Ratings (South Africa and USA) Designated Flight Examiner (Class 1) (SA Civil Aviation Authority) Accredited Professional Linguist SAAF Air Traffic Controller 	01 February 2019	
THOMAS KGOKOLO 31 January 1984	<ul style="list-style-type: none"> Social and Ethics Committee Business Research, Operations and Development Committee Human Resources Committee 	<ul style="list-style-type: none"> Finance and auditing Risk and performance management Investment management Corporate governance Strategy and organisational restructuring 	<ul style="list-style-type: none"> CA (SA) MBA B Compt Honours BCom Accounting Sciences 	13 April 2018	<ul style="list-style-type: none"> Non-Executive Director: Sizwe Medical Aid Non-Executive Director: Mineworkers Provident Fund Audit Committee Member: National Consumer Tribunal Audit Committee Member: Financial Intelligence Centre

Table 16: Board Composition

Executive Committee

EXECUTIVE	AREAS OF EXPERTISE	ACADEMIC QUALIFICATION
DUMISANI SANGWENI Executive: Strategy and Optimisation, Duly Delegated with the responsibilities of the CEO	<ul style="list-style-type: none"> Commerce and business analysis Strategy and planning Aviation operations management Transport and airline logistics 	<ul style="list-style-type: none"> BSc in Aviation Technology Postgraduate Diploma: Transport Economics Postgraduate Diploma: Business Administration (PBL) Certificate in Executive Leadership
ERNEST MWALE Acting Executive: Strategy and Optimisation,	<ul style="list-style-type: none"> Strategy and Planning Portfolio Project Programme Management Economic Regulation & Permission Business Development Quality Management System 	<ul style="list-style-type: none"> BTech Electronics & Telecommunication Leadership Management Programme Executive Leadership Programme Certificate in Aviation Management Project Management Certification Instructor certification (CNS Courses)
LINDELWA MNGOMEZULU Company Secretary	<ul style="list-style-type: none"> Corporate Governance Corporate Law Corporate Reporting Litigation 	<ul style="list-style-type: none"> LLB Admitted Attorney Professional Post-Graduate Qualification: Company Secretarial and Governance Practice (CSSA) Certified Chartered Company Secretary (FCIS)
MATOME MOHOLOLA Chief Financial Officer	<ul style="list-style-type: none"> Financial management Risk management SCM Corporate governance 	<ul style="list-style-type: none"> CA(SA) MBA MCOM Tax BCom BACC
JEFFREY MATSHOBA Executive: Air Traffic Management/CNS Acting: Air Traffic Services	<ul style="list-style-type: none"> Air Traffic Management planning CNS planning Safety management system Civil aviation regulations 	<ul style="list-style-type: none"> BCom International Executive Development Programme

	<ul style="list-style-type: none"> • Research, development and innovation management • Strategy planning 	
THANDEKA MDEBUKA Legal Counsel	<ul style="list-style-type: none"> • Legal compliance • Advocacy • Contract negotiation and management • Litigation • Risk assessment 	<ul style="list-style-type: none"> • LLB • LLM – Mercantile Law • Business Leadership Programme • Certificate in Contract Drafting • Certificates in Air Traffic Management and Air law • Admitted Attorney
RICHARD MADLALA Acting Chief Technology Officer	<ul style="list-style-type: none"> • Electronic engineering • Systems design and software development • Project and programme management • Systems engineering 	<ul style="list-style-type: none"> • BSc. Engineering (Electronics) • Certificate in Executive Leadership
VERONICA SEBONA Chief Information Officer	<ul style="list-style-type: none"> • ICT systems planning and implementation • IT PMO • IT Governance • Strategic planning • Agile transformation 	<ul style="list-style-type: none"> • MBA • B.Sc. Computer Science • GIBS CIO Programme
MBONGENI MAQASHELANA Chief Risk Executive	<ul style="list-style-type: none"> • Safety management system • Enterprise risk management • Quality management systems • Corporate governance • Management accounting • Business continuity management • Integrated management system • Fire and HAZMAT • Risk insurance 	<ul style="list-style-type: none"> • National Diploma in Cost and Management Accounting • BCompt, Certificate in Risk Management • Post-Graduate Diploma: Business Management and Administration • MBA
THABANI MYEZA Executive: Commercial Services	<ul style="list-style-type: none"> • Commercial services and business development • New market strategies (locally and internationally) • Policy development and operational policy alignment 	<ul style="list-style-type: none"> • BCom Accounting • MBA General Management

	<ul style="list-style-type: none"> Regional business expansion 	
TENDANI NDOU Principal: Aviation Training Academy	<ul style="list-style-type: none"> Risk, audit and compliance Corporate governance Accounting, finance and management SCM Aviation training management Strategy and planning 	<ul style="list-style-type: none"> Global Executive MBA BCom (Hons) Cost Management Accounting BCom Cost Management Accounting Higher Education Diploma CIA and Certificate in Control Self- Assessment (CCSA)
DR. SANDILE MALINGA Chief Operations Officer	<ul style="list-style-type: none"> Aerospace technology and systems CNS management Research, development and innovation management High-value project Implementation Operations management Strategy and planning 	<ul style="list-style-type: none"> PhD in Physics MBA (Business School, Netherlands)
LESEGO MAHAMBIA Chief Audit Executive	<ul style="list-style-type: none"> Audit and risk management Strategy and planning Commerce and business analysis Compliance 	<ul style="list-style-type: none"> Chartered Accountant South Africa CA(SA) MBA (University of Reading, UK, B Compt Honours (University of South Africa) BCom Accounting Sciences
LULEKWA NGCWABE Executive: Human Capital	<ul style="list-style-type: none"> Business and HR Strategy Organisational Development Talent Management HR information Systems Performance Effectiveness and Change Management 	<ul style="list-style-type: none"> Bachelor of Administration MBA Postgraduate Diploma in Business Administration (Doctoral Studies) Programme in Strategic HR Leadership Programme in Business Leadership Global Executive Development Programme

Table 17: Executive Committee









Annexure B: Risk Management Plan



ATNS has an approved risk management framework based on best practice risk management guidelines and principles and supported by a risk policy, strategy, risk appetite and tolerance framework, including a risk management implementation plan. The adopted enterprise risk management framework, which is based on the ISO 31000, National Treasury Guidelines and ICAO Annex 19, forms the basis of our risk management methodology. It describes how the organisation will incorporate the risk management processes into the day-to-day activities of the business. Enterprise risk management is a fundamental component in ensuring that ATNS fulfils its mandate, through the continuous assessment of current risks and opportunities as well as the identification of emerging risks. All risks, whether strategic or operational, are documented in risk registers and continually addressed through various response plans.




Furthermore, the ATNS risk appetite and tolerance framework (RAF) has been reviewed and approved by the Board. The RAF is the overall approach and stance, including policies, processes, controls, and systems through which the risk appetite and tolerance of ATNS is established, communicated, and monitored. It includes a risk appetite statement, risk tolerance thresholds, and an outline of the roles and responsibilities of those overseeing its implementation and monitoring.





ATNS Risk Profile

ATNS, like similar SOCs has both a legislative mandate and a commercial interest to ensure its long-term sustainability. Both the public and industry rely on ATNS to deliver on its mandate of providing Air Traffic Management Solutions and associated services on behalf of the State. The risks in Table 1 have been reviewed and updated by Board and exco in light of the Covid-19 pandemic. Table 1 also illustrates the ATNS strategic risks aligned to the organisation-wide strategic objectives.

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

No	Risk	Strategic Objective	Residual risk	Risk mitigation
1	Safety incidents attributable to ATNS (A and B) High-risk safety incidents attributable to ATNS (A and B)		Priority 2	<ul style="list-style-type: none"> Implement the approved ATNS Safety Strategy Improve safety maturity level to C turnaround times of investigations Review the organisational root caused analysis model and assess its effectiveness Integrate lessons learned from incidents to ATA training programme ATS structure to incorporate the safety structure which includes a dedicated safety manager
2	Aircraft accident attributed to ATNS		Priority 5	<ul style="list-style-type: none"> Implement the approved ATNS Safety Strategy Improve the working environment at regional levels Improve safety maturity level to C

No	Risk	Strategic Objective	Residual risk	Risk mitigation
3	Inability of IT to support operations and strategic initiatives		Priority 2	<ul style="list-style-type: none"> • Revise ICT strategy to incorporate relevant capabilities for delivery of the overall strategy • Fasttrack capacitation of critical vacancies for IT • Develop management and leadership capabilities • Develop Enterprise architecture capability • Stabilise wide area network through upgrade and redundancy implementation • Review of IT Governance Framework including policies and procedures • Review IT DRP procedure in line with ERM
4	Significant disruption to ATNS critical business		Priority 3	<ul style="list-style-type: none"> • Implement the Head office BCM roadmap • Implement the OR Tambo BCM roadmap which includes the Disaster Recovery enhancement project as one pillar of BCM • Enhance the site to site replication for critical business processes
5	Threats to infrastructure through vandalism and theft		Priority 2	<ul style="list-style-type: none"> • Improve physical access control and security systems • Deployment of the armed guarding and response services at some sites where possible • Ensure inherent design redundancy in some of the system architecture for operational agility (Review of the current CNS equipment architectures) • Improvements on the Disaster recovery and business contingency plans inclusive of emergency services (Redundant site coverages where possible) • Collaboration with other affected stakeholders with similar challenges (e.g. Telkom, MTN and Vodacom) • Deployment of aluminium on sites that are exposed

No	Risk	Strategic Objective	Residual risk	Risk mitigation
6	Poor Organisational Performance		Priority 1	<ul style="list-style-type: none"> • Develop clear departmental strategy • Enforce the implementation of the AOPs • Close monitoring of the organisational performance • Publish organisational performance to all employees quarterly • Improve internal control environment including risk management maturity and ethical culture
7	Reliance on a single third-party service provider(s)		Priority 1	<ul style="list-style-type: none"> • Develop and Implement a transformation strategy • Implement an incubation ESD plan • Develop a clear technology acquisition plan for ATNS • Building internal capacity to support the maintenance of ATNS equipment
8	Disruption of IT and business services as a result of a breach in information security (cyberattack)		Priority 1	<ul style="list-style-type: none"> • Review, update and implement the cybersecurity strategy and plan • Perform baseline maturity assessments on information security governance and operations • Conduct vulnerability scanning and penetration test • Migration to cloud environment
9	Employee occupational, Health, mental, morale and Safety risk		Priority 3	<ul style="list-style-type: none"> • Implementation of the Covid-19 occupational and safety measures at ATNS workplaces • Regular communication on the virus and mitigation measures to be taken by employees on a weekly basis




No	Risk	Strategic Objective	Residual risk	Risk mitigation
10	The Organisation not able to remain financially sustainable in the long term		Priority 1	<ul style="list-style-type: none"> • Improve the revenue collection • Drive cost containment and review budgeting framework • Review the growth strategy for the non-regulated business • Implementation of the 10-year bankable plan- Annual target (March 2021) • Review of the Research and Development implementation plans to enhance commercial opportunities
11	Failure to plan and implement capex projects		Priority 2	<ul style="list-style-type: none"> • Implementation of the business process plans and framework in support of the Capex Delivery Framework at a business level • Close monitoring on the adherence of the Capex Delivery Framework implementation
12	Lack of competencies, skills, and capacity to implement the strategy		Priority 3	<ul style="list-style-type: none"> • Review the organisational structure to enable implementation of the strategy • Define and drive the desired culture

Table 18: ATNS Strategic Risks

Residual risk category	Rating	Suggested timing
Priority 1 – Immediate action	25 - 20	Require urgent attention Action is required to remediate the risk to a tolerable level
Priority 2 – More controls required	19 - 15	Require intervention Action is required to control the risk while response strategies are developed and implemented to bring the risk to a tolerable level
Priority 3 – Monitor risk exposure	14 - 9	Require active management Implementation strategy to focus on monitoring and review of existing controls Additional mitigation to be considered where costs are justified
Priority 4 – Acceptable risk exposure	8 – 5	Requires ongoing monitoring Additional mitigation to be considered where costs are justified Ongoing controls as part of a management system
Priority 5 – Monitor existing controls	4 – 1	Requires ongoing monitoring Requires periodic monitoring of existing controls Ongoing controls as part of operational management

Annexure C: Fraud Prevention Plan

ATNS is committed to “Zero tolerance” in relation to fraudulent behaviour that could lead to loss of resources and damage to the company’s brand and reputation. A fraud policy and prevention plan are in place and are supported by a Whistleblowing hotline that is independently managed by an external service provider. The ATNS Fraud Prevention Plan (FPP) 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 IV™ principles. ATNS considers the Plan as imperative to driving and improving an anti-fraud and corruption culture by proactively identifying fraud and corruption risks that our business is exposed to and putting in place adequate controls to mitigate these risks. In doing business, ATNS expects all its employees and any stakeholder associated with the organisation to be honest and ethical.

All reasonable suspicions of fraud, corruption and maladministration are investigated and confirmed, and legal recourse is taken against culprits to the full extent of the law, including, but not limited to:

- Disciplinary actions;
- The institution of criminal proceedings;
- Civil litigation; and
- The recovery of losses.

The statistical information on calls from the hotline is analysed and outcomes are used to improve controls in the organisation to prevent further fraud incidences and re-occurrences.

In the main, the objective of the FPP is to create a culture which is intolerant of fraud and corruption, by regulating ethical conduct of its personnel, clients and customers. The Plan also seeks to implement response mechanisms in all business undertakings to deter any form of fraudulent or corrupt activities. It also places responsibility on ATNS personnel to conduct business in a manner that is conscious of the values of the organisation.

The effectiveness of the FPP is ensured by an all-round approach to fraud and corruption, covering elements of fraud prevention, detection, response to fraud and raising personnel awareness on fraudulent and corrupt activities. There is a concerted drive to develop and

foster a climate within ATNS where all employees strive for the ultimate eradication of fraud, corruption and theft, as well as re-enforcing existing regulations aimed at preventing, reacting to and reducing the impact of fraud, corruption, theft, and maladministration.

Comprehensive Fraud Risk Register

Acknowledging the fact that the organisation faces diverse business risks from both internal and external sources, to comply with the requirements of the PFMA, ATNS regularly conducts a fraud risk assessment and compiles a comprehensive risk register. This information is used to assist management with the following:

- Prioritising areas for attention and subsequently developing appropriate controls to limit the material risks identified; and
- Enabling management to continually assess and update the risk profile (incorporating fraud and corruption risk) of ATNS.

Supplier and Trading Partner Awareness

ATNS shall endeavour to obtain all relevant information about its trading partners to limit its exposure to potential unsavoury business associates and to incorporate these trading partners into the fraud prevention initiatives.

Disclosure of gifts

To reduce possible fraud or corruption by suppliers and ATNS employees, all gifts offered by suppliers and potential suppliers to ATNS officials must be formally disclosed in the gift register in line with the Supply Chain Management (SCM) and Gifts Policy. Gifts of a potential significant monetary value should not be accepted, and any such offer must be disclosed to the employee's line manager, from whom guidance is sought if in any doubt as to whether the offer is regarded as having a significant value or not. A gift declaration register is continuously maintained and updated by the organisation.

Whistleblowing process

All ATNS employees and stakeholders are encouraged to report any suspected fraud, corruption and maladministration through the anonymous hotline administered and managed by an external service provider as well as other avenues outlined in the whistleblowing process and procedures.

Cyber Risk Management

ATNS continues to enhance its capabilities to detect fraud in the Cybersecurity function. The planned Cybersecurity Roadmap includes the roll out, over 5 years, of a Governance Framework coupled with the automation required to establish fraud mitigation. ATNS is committed to the creation of a Cybersecurity Risk Assessments Baseline and automated assessment tool to conduct organisation wide assessment. Specific Fraud controls are regularly assessed to determine its maturity levels. Ongoing training and awareness are conducted regularly for all employees to be vigilante which is comes to cyber threats within ATNS.

Annexure D: Materiality and Significance Framework

Requirements of the Public Finance Management Act (1 of 1999) (PFMA)

Section 54(2) of the Public Finance Management Act No.1 of 1999 (PFMA) requires that before a public entity concludes any of the following transactions, the accounting authority i.e. the Board of Directors, must promptly and in writing inform National treasury of the transaction. The submission for approval of the transaction by the Executive Authority, being the Minister of Transport, must include the following relevant particulars of the transaction:

- Establishment or participation in the establishment of a company;
- Participation in a significant partnership, trust, unincorporated joint venture or similar arrangement;
- Acquisition or disposal of a significant shareholding in a company;
- Acquisition or disposal of a significant asset;
- Commencement or cessation of a significant business activity; and
- A significant change in the nature or extent of its interest in a significant partnership, trust, unincorporated joint venture or similar arrangement.

Section 51(1) (g) of the PFMA requires the Board to promptly inform National Treasury of any new entity the public entity intends to establish or in the establishment of which the public entity takes the initiative. The Board must allow the National Treasury a reasonable time to submit its decision prior to formal establishment.

Section 55(2)(b) read with section 55(1)(d) of the PFMA requires that the annual report and financial statements of a public entity must include particulars of any material losses through criminal conduct and any irregular expenditure and fruitless and wasteful expenditure that occurred during the financial year.

For the purposes of section 54(2) and 55(2) (b) of the PFMA, “material” and “significant” are not defined. Treasury Regulation 28.3.1 provides for the Board to develop and agree on a framework of acceptable levels of “materiality” and “significance” with the Minister of Transport (“Significant Transactions”). This framework is referred to as the Materiality and Significance Framework.

Materiality 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 as illustrated in Table 19.

Indicators	2020 Financial Statements*	Lower limits	Upper limits
1%-2% of total assets	3,336,490,844	33,364,908.44	66,729,816.88
0.5%-1% of total revenue	1,680,629,869	8,403,149.35	16,806,298.69
2%-5% of profit after tax	67,298,127	1,345,962.54	3,364,906.35

**Based on the recent audited annual financial statements*

Table 19: Parameters for Significance and Materiality Levels

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

- Guidelines issued by the National Treasury;
- 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 (R400m). 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 RC. From a company perspective, materiality is set at sixteen million-rand (R16m) based on the upper level of revenue to ensure prudence and efficiencies within the decision-making processes.

Annexure E: Borrowing Plan

The ATNS borrowing policy, as approved by the Board in 2020, makes provision that ATNS may incur long-term debt to fund its capital expenditure plan on property, plant and equipment, whilst maintaining a gearing ratio of below 50%, as follows:

- To achieve its objectives as set out in Section of 4 of the ATNS Act; or
- To fund new capital projects that create assets with a durable life of greater than three years; or
- To re-finance existing long-term debt under specific conditions set out in the policy.

The following factors will be considered when borrowing:

- Revenue generating ability of the asset;
- The type and extent of benefits to be obtained from the borrowing;
- The length of time the benefits will be received;
- The beneficiaries of the acquisition or development;
- The impact of interest and redemption payments on both current and forecasted property tax income;
- The current and future capacity of the property tax base to pay for borrowings and the rate of growth of the property tax base;
- Likely movements in interest rates for variable rate borrowings;
- Other current and projected sources of funds;
- Competing demands for funds; and
- Timing of money market interest rate movements and the long-term rates on the interest rate curve.

ATNS will, in general, seek to minimise its dependence on borrowings in order to minimise future revenue committed to debt servicing and redemption charges.

ATNS will, from time to time, use certain of its surplus funds to fund its capital programme. The utilisation of surplus funds enables ATNS to reduce its reliance on external debt financing, thereby allowing it to borrow only funds from external sources when favourable market conditions prevail.

Source of Funding

Section 66(3) of the PFMA grants the Accounting Authority of ATNS the authority to borrow funds which will be sourced in the market through open tender to Financial Institutions.

The Company does not envisage any obstacles in sourcing the required funds based on its financial statements and its good relationship with the bankers. The Company will consider various short-term and long-term borrowings, such as:

- finance leases;
- long-term financing (Bank term loans); and
- short-term financing (Bank rolling term loans).

A borrowing facility of R360m for capex is planned for the period under review.

Annexure F: Hedging Policy

ATNS is exposed to foreign exchange movements from a revenue and expenditure transactions. It is prudent, therefore, that such transactions are monitored on a continuous basis. Foreign currency risk management covers the identification of currency exposures, risk measurement, and the actions employed to mitigate such risks. Currency risk mitigation entails cash flow management or utilising hedging instruments to protect against volatility of foreign currencies or the equivalent of cash flows associated with changes in foreign exchange rates.

Where applicable, the entity will deploy natural hedges. However, in instances where the risk is high, ATNS will obtain foreign exchange covers (hedge) either directly with the bank or through service providers (provided this is stipulated in the service contract).

Annexure G: Human Capital

ATNS employee head-count, as at end October 2020, is 1256 people; a diverse workforce across various disciplines and functional areas, with most employees in operations in the Air Traffic Services (ATS) Department. This is illustrated in Figure 24.

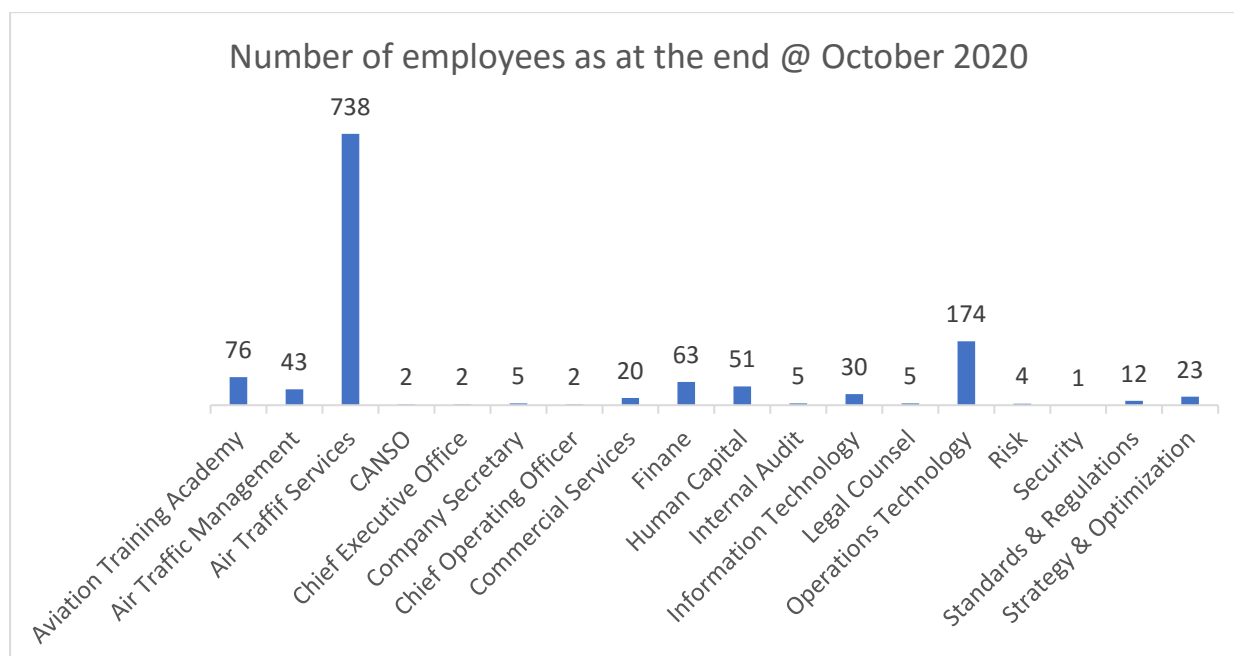


Figure 24: ATNS Employees Numbers

Human Capital Planning (HCP) embedded in the Permission planning process is considered a major focus area for the organisation as it provides the resources required to drive the organisational strategy and service delivery. The alignment of departmental strategies to implement the organisational strategy, alignment to King IV™, corporate governance, advancement in technology, peak traffic demand and peak capacity requirements define the number of human resources required.

Furthermore, the Human Capital (HC) Strategy depends on acquiring skills in the organisation that support our future. ATNS aspires for an operating model that is able to respond to external factors and improve its decision-making abilities. The operating model ATNS has in place also needs to improve staff morale and engagement, whilst creating a high-performance culture. This will be delivered by reviewing the organisational structure to enable implementation of

the 2025 strategy. Additionally, ATNS will define the desired culture to enable strategy implementation.

The following elements are integral components of the organisational structure review:

- Redesign organisation aligned to Strategy 2025;
- Based on operating model, assess as-is skills vs. desired skills;
- implement plan to close the gap;
- Implement a Change Management Programme;
- Develop Functional Structure and Level 1 Structure; and
- Develop Level 2 and below structures.

The following elements are integral components of defining the desired culture to enable strategy implementation:

- Develop "new values ";
- Engage on values;
- Assess prevalent "as-is" culture;
- Refine and develop desired culture;
- Further engage in line with Change Management Framework; and
- Refine and develop desired ethical culture.

A key component to the realisation of the Human Capital Plan and Employment Equity targets is the effective management of the ATS and Operational Technology (OT) training pipeline.

Management of ATS and OT Pipelines

ATNS continues to be responsible for recruiting, training and developing its employees to ensure adequate supply within the operational departments.

The service level required has been planned in accordance with the anticipated demand as calculated using peak traffic demand, capacity requirements, and considering the duration of the peak as well as ensuring optimal quality and safety levels. A critical output of this plan is the training pipeline which provides an 18-month internal training forecast ensuring that training throughput is carefully managed.

The training of fully qualified Air Traffic Services (ATS) employees stretches across a period of three (3) to five (5) years and is linked to operational requirements. Such training includes academic and practical rating training at the ATA and operational validation training in ATS environment.

ATNS is driving the recruitment of engineering students from accredited tertiary institutions. The Engineering Graduate Development Programme (EGDP) is a two-year programme that provides an opportunity for participants to acquire workplace experiential training. The Engineering Experiential Programme is a 12 month programme which provides university of technology students on-the-job experience with a chance to obtain their qualifications. Successful candidates from these two programmes become potential feeders into the pool of qualified engineers and engineering technicians respectively.

The intake on the number of ATS bursars, illustrated in Table 20, reduced from 60 to 20 due to the oversupply of Air Traffic Service Officers in the ATS pipeline.

DISCIPLINE	ACTUAL 2018/19	ACTUAL 2019/20	FORECAST 2020/21	TARGET 2021/22	TARGET 2022/23	TARGET 2023/24
ATS bursars	60	60	20	10	10	20
Engineering Experiential Programme	6	6	4	5	5	5
Engineering Graduates	5	5	5	5	5	5

Table 20: Intake of ATS Bursars and Engineering Students

The continual training of ATS personnel and engineers through the current training pipelines has yielded positive results in the growth of qualified ATCOs and ATSEPs. Table 21 depicts the actual numbers for the past two years and forecast headcount from 2020/21 to 2023/24 for the various disciplines.

YEAR ENDING	ACTUAL 2018/19	ACTUAL 2019/20	FORECAST 2020/21	TARGET 2021/22	TARGET 2022/23	TARGET 2023/24
ATSO	180	221	221	138	138	138
ATCO 1	134	113	111	109	121	121
ATCO 2	37	47	47	37	37	37
ATCO 3	211	219	216	200	226	226
ATSEP	83	81	80	79	79	79

Table 21: ATS and OT Employees

Annexure H: Employment Equity Plan

Employment Equity remains a business imperative that seeks to ensure that our workplace profile is aligned to the national demographics and the integrated transport sector's B-BBEE charter.

ATNS' strategic objectives and prevailing culture support ongoing equal opportunity initiatives, with specific emphasis on the African, Indian, Coloured (AIC) designated group, women and youth, and people with disabilities. Following the implementation of the ATNS EE plan that came into effect on the 01 April 2015, and ending March 2020, a new plan that will run from April 2020 until March 2025 has been developed and approved for implementation. The new plan has increased the targets slightly when compared with the old one. The new EE and SD Forum will be elected and trained as key stakeholders of this process.

Implementation through the various line departments is championed by the CEO and executive management and cascades to the middle, lower and operational levels in the company. The top-down approach has been recommended for this new plan where targets will be filtered to the departmental levels to foster a culture of accountability in this regard.

The new five-year EE plan is intended to continue to transform the ATNS employee profile to reflect national demographics. It will be reviewed annually to adjust targets as and where necessary, including all business activities that may impact the drive to achieve these targets.

In line with the Employment Equity Act, the new ATNS five-year EE plan encompasses the following objectives:

- Working towards creating a balanced profile of employees within the company through all occupational categories and levels in the workforce;
- Eliminating any discriminatory practices in terms of race, gender or disability;
- Providing for the company's present and future requirements for skilled employees, in line with its business plan; and
- Implementing, monitoring and evaluating appropriate measures to ensure ATNS achieves or/and even exceed the set EE targets.

Table 22 reflects both the historic EE profile and the forecast from 2021/22. The plan is reviewed on an annual basis, and progress is monitored and reported monthly.

EMPLOYEE CATEGORY	2018/19 Actual	2019/20 Actual	2020/ 21 Target	2021/ 22 Target	2022/23 Target
Air Traffic Service – AIC	72.94	74.00	74.50	74.75	75
Air Traffic Service – Female	47.40	48.00	48.25	48.50	48.75
Organisation-Wide – AIC	79.24	79.92	81.40	81.400	81.40
Organisation-Wide – Female	49.40	49.08	50.00	50.50	51.00
PwD	3.22	3.00	3.50	3.50	3.50

Table 22: The ATNS Employment Equity Trend and Targets (%)

People Development

Skills development plays a critical role in the achievement of our strategic objectives. Skills development of employees is necessary to develop the required competencies and skills needed for the workforce to perform their duties at an optimum level in their roles, and to provide future career opportunities within ATNS as per the Skill Development Act. Investment in training and development continues to remain a high priority within ATNS. This also entrenches ATNS' commitment to the National Skills Development Strategy addressing historical inequalities.

In line with the Employment Equity Plan, ATNS has identified several initiatives that will ensure that ATNS' transformational goals become a reality. These initiatives, outlined below, are also in support of the National Skills Development Plan.

Women and Youth Empowerment Programme

A key strategic objective for ATNS is transformation. One aspect of transformation that has proven to be a challenge is the lack of representation of women and youth in leadership positions and the integration of the Youth Empowerment Programme into ATNS. Historically, the aviation industry, and by implication, ATNS has been male-dominated, with leadership positions mainly occupied by men. Although transformation has become a strong drive at ATNS, women and youth still struggle to move up the ranks to fill critical leadership roles. To address the lack of women and youth leaders, ATNS has embarked on women and youth

empowerment programme that continues to empower women and youth both internally and externally.

Management and Leadership Development Programme

To address the leadership and management capacity skills, ATNS is embarking on an empowerment programme that will empower all employees.

Bursaries for Women and Youth

ATNS will continue to offer deserving high potential and talented employees bursaries to be trained for the ATS pipeline targeting females.

Child of the employee Bursary

To provide financial assistance to children of employees pursuing tertiary qualifications that will ensure a supply of scarce skills to the company, industry and country.

Graduate in Training Programme (GIT)

The GIT programme is a work-based experimental learning opportunity that ATNS offers to young South Africans. Preference is given to Black (African, Indian and Coloured), women and people with disability who have graduated from recognised tertiary institutions.

People with Disability Programmes

This programme is aimed at attracting into the organization, people with disability and improve their employment prospects by way of offering work-based learning opportunities.

Annexure I: Safety Management

Safety is paramount in all ATNS activities. ATNS is committed to implementing, developing and improving appropriate strategies, management systems, processes and procedures to ensure that all activities uphold the highest level of safety performance and meet national and international standards.

To this end, ATNS has implemented a Safety Management System (SMS). ICAO defines an SMS as a systematic approach to managing safety, including the necessary Organisational structures, accountabilities, policies and procedures. An SMS is a system to assure safe operations through effective management of safety risk. This system is designed to continuously improve safety by identifying hazards, collecting and analysing data and assessing safety risks. The SMS seeks to proactively contain or mitigate risks before they result in aviation accidents and incidents.

The application of an effective SMS is integral to all ATNS activities, with the objective of achieving the highest level of safety standards and expected performance.

The ATNS SMS framework as illustrated in Figure 25, consists of four components namely the Safety policy and objectives, Safety risk management, Safety assurance and Safety promotion.



Figure 25: SMS Framework

ATNS' safety policy is the foundation of the SMS and defines the organisation's approach to achieve acceptable levels of safety. Safety risk management is the continuous identification, analysis and mitigation of hazards as well as subsequent risks that threaten safety. Safety assurance shows whether an organisation is safe through monitoring the identified risk and measuring safety performance. Safety promotion includes training, education, and communication to support a positive safety culture.

Effective safety management requires a genuine commitment to safety from everyone in the organisation. CANSO describes safety culture as an enabler that integrates the various SMS elements into a coherent system.

Safety culture is influenced from the top through the actions and behaviours of the senior management team, which permeate through to the bottom. In simple terms, safety culture is how people behave towards safety when no one is watching. Safety culture has various elements and Just Culture is one which enables reporting. A positive safety culture is essential to an effective SMS. It creates a transparent environment that encourages people to report safety issues. The reporting of occurrences is the backbone of the SMS as this enables people at the top of the organisation to make informed decisions informed by reliable and available information.

Annexure J: Corporate Sustainability Plan

ATNS is committed to addressing socio-economic transformation nationally and within the Continent, whilst enhancing environmental protection to support the broader sustainability aviation goals. ATNS' sustainability framework supports the overall sustainability programmes and desired outcomes in meeting the social and environmental agenda. Furthermore, the framework contributes to the United Nations Sustainable Development Goals from a global perspective, the South African National Development Plan 2030 from a national perspective, and ICAO, CAA and other industry requirements.

With the recent Covid-19 pandemic having huge impact on most aspects of human activities, as well as on the economy and health care systems. It has led to business understanding that social and environmental issues can impact on the financial and operational aspects of the organisation requiring business to understand their complexities and impact on business sustainability.

Corporate Social Investment

Our community investment strategy primarily focuses on education where focus is on the promotion of Science, Technology, Engineering and Mathematics (STEM) subjects which are some of the entry requirements for careers in Air Traffic Control (ATC). Other CSI focus areas are skills development and training, environmental sustainability, staff initiatives and supporting school sports, arts and culture. The organisation has reviewed its overall approach to CSI in order to derive maximum value and sustainability. Key deliverables for the following year are discussed below.

1) Strengthened Key Strategic Partnerships

The organisation will work at strengthening its newly found relationship with the Department of Basic Education at a provincial and district level. The Department has committed to partner with ATNS in executing its CSI Projects which will help leverage ATNS' investments in under privileged schools and communities. ATNS will align its educational projects with those of the Department, using their expertise from project selection, monitoring and evaluation, applying

best practice in STEM subject development and both entities will leverage on their respective offerings.

2) Job Creation & Business Opportunities for Local Communities

ATNS funded projects will have an intended developmental approach and ATNS will focus on the immediate communities of the schools it has adopted or intending to adopt. Through targeted procurement, ATNS is reaching prospective service providers from the communities using measures that ensure communities have access to the information, given their technological limitations at times. The organisation has achieved this through Community Liaison, schools outreach and encouraging prospective service providers at briefing sessions to involve local labourers on their contracts with ATNS.

3) Promotion of Corporate Social Responsibility (CSR)

In the coming FY, the organisation will make provision for funding that will be managed by a staff committee (CSI Champions) that will determine investments of their choice in areas that also fall outside of the main CSI Focus areas. This will assist with increasing employee engagement on CSI projects and will invigorate staff morale. This is as a result of numerous observations that employees want to be involved in the company's giving and volunteering programmes including being a part of the decision-making process.

4) Career Awareness Initiatives

ATNS will expose learners in its adopted and future schools to careers in the aviation environment which will include job shadowing and career exhibitions. This is to prepare and empower the next generation of man and women leaders for the aviation industry.

5) Encircling all CSI Focus Areas in Each School Project

In trying to derive heightened value for each one of its projects, the future approach is to feature each one of its focus areas into a single school project.

6) Covid-19 Initiatives

ATNS will continue partnering with other like-minded organisations on stopping the spread of Covid-19 through Health Responses, Humanitarian Efforts and Solidarity Campaigns.

7) Supplier and Enterprise Development

ATNS enterprise and supplier development approach is informed by our Transformation and the Incubation strategies, and the Supplier Transformation Framework.

ATNS developed an incubation strategy that is aimed at accelerating the development of Small, Medium and Micro Enterprises (SMMEs) by providing them with the necessary support (training programs, advisory and support services, etc.) to establish the businesses in the aviation sector. This is done as a part of ATNS business incubation to substantially reduce the level of failure in local black-owned SMMEs.

ATNS devised these strategies to have a well-structured SMME Development Programme with a clear selection criteria and measurable milestones. Suppliers to be developed will be equipped with skills to be able to deliver capex projects and partner with multinational companies. Suppliers to be selected to be part of the Incubation Programme should possess the technical knowledge, sound level of education and business passion.

The selected suppliers will be taken through a 5-year development programme that aligns with the ATNS strategy. The plan will be divided into short term, medium term and long-term initiatives.

- An audit will be conducted to identify gaps and, thereafter, come up with relevant interventions to close identified gaps. Suppliers will be given the technical acumen in order to understand aviation equipment and be able to maintain it.
- In the long-term, the suppliers that complete the Incubation programme should be able to deliver capex projects on their own, they should be at a level where they can be main contractors and get multinationals to be sub-contractors.
- Developed suppliers should, at the end of the programme, be able to identify aviation components that can be manufactured locally, and the programme will assist them to

comply with the quality standards and market analysis of where the demand is high for locally manufactured components within the continent.

- Transforming the aviation sector requires resources and endurance to achieve intended outcomes mainly because the sector is risky and highly regulated hence it will take a while to realise intended results.

8) Broad-Based Black Economic Empowerment (B-BBEE)

ATNS is aiming for a Level 2 B-BBEE rating in 2021/2022 against the Generic Public-Sector B-BBEE Codes (Gazette 21 August 2009). Should the Codes be revised, or the sub-sector Codes be approved, the targets below will be revised.

B-BBEE ELEMENT	B-BBEE TARGETS	ACTUAL 2019/20	TARGET 2020/2021	TARGET 2021/2022
Management Control	10.00	6.28	7.00	7.00
Skills Development	25.00	22.00	23.00	24.00
Employment Equity	15.00	14.05	14.00	15.00
Preferential Procurement	30.00	24.52	28.00	30.00
Socio-Economic Development	5.00	5.00	5.00	5.00
Enterprise Development	15.00	15.00	13.00	14.00
Total Points	100.00	86.86	90.00	95.00
B-BBEE Level		Level 2	Level 2	Level 2

Table 23: Generic Public-Sector B-BBEE Codes

9) Environmental Stewardship

As a SOC, ATNS has a role to play in minimising environmental impact from the operation's direct and indirect activities. Addressing environmental issues is aligned to the objective of creating a sustainable business. Furthermore, the impact 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. With the Covid-19 pandemic, the sector and the globe has seen an improvement in the natural environment brought by lockdowns, quarantines and border closures which has led to reduction in air pollution through decreased travel and

production. While this has had a negative financial and economic impact on the aviation industry, it has provided evidence of the need to accelerate green aviation economy whilst remaining sustainable.

The organisation's commitment to demonstrating leadership in environmental stewardship is focused on developing and implementing environmental policies, sustainability guidelines to integrate sustainability into the organisation's value chain. The focus is mainly in 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) at Head Office and several operational sites. The focus in the short-term is to commence certification process for the respective sites. Other key initiatives in the short-term include developing programmes to minimise our footprint in areas such as:

- Piloting and deploying renewable energy solution across operational sites;
- Assessment of effects of climate change on our operations;
- Measurement and monitoring of ATM programmes in reducing aircraft emissions and noise;
- Monitoring compliance to environmental legislative requirements; and
- Waste and water optimisation and transparent reporting to our stakeholders.

Although there are positive environmental effects seen during the pandemic, they are most likely temporary. Demonstrated and prompted changes in our way of life can have positive effects for the environment and have demonstrated a new way of interaction, such as teleconferencing which will inspire future behavioural changes with positive environmental effects. With the continuous changes in the environment, ATNS will review the current sustainability strategy to ensure alignment to the operating landscape.

Annexure K: ATNS Growth Strategy

ATNS' non-regulated business contributed 12% of the company's revenue in the 2019/20 financial year. The non-regulated business encompasses a long-term strategy geared at facilitating regional expansion through a focussed structure or vehicle, thus enabling appropriate separation between the regulated and non-regulated business. ATNS' desire to remain financially sustainable is a key driver behind the growth strategy. The business has performed a thorough analysis of the strengths and opportunities (including threats and weaknesses) and concluded that ATNS is better placed for this growth path.

The current growth strategy came into effect during the 2020/21 financial year and will guide the business for the next five-years. The focus is on gaining ground in terms of product/service mix, and geographic markets representation, whilst addressing internal constraints. To date, the business has been centralised under one division with clear reporting structures and performance measurement.

Our past performance reflects steady growth in the last six years, as shown in Figure 26. However, the 2020/21 financial year has seen a significant drop in revenues and projects due to the impact of the Covid-19 pandemic. In line with projections by global organisations such as IATA, the next two years will deliver very low revenue performance. Our view, considering input from external sources and our own internal projections, are that the non-regulated business will start to see notable growth in the 2022/23 (2nd year of the MTF) and returning to pre-Coivd-19 levels over a period of time.

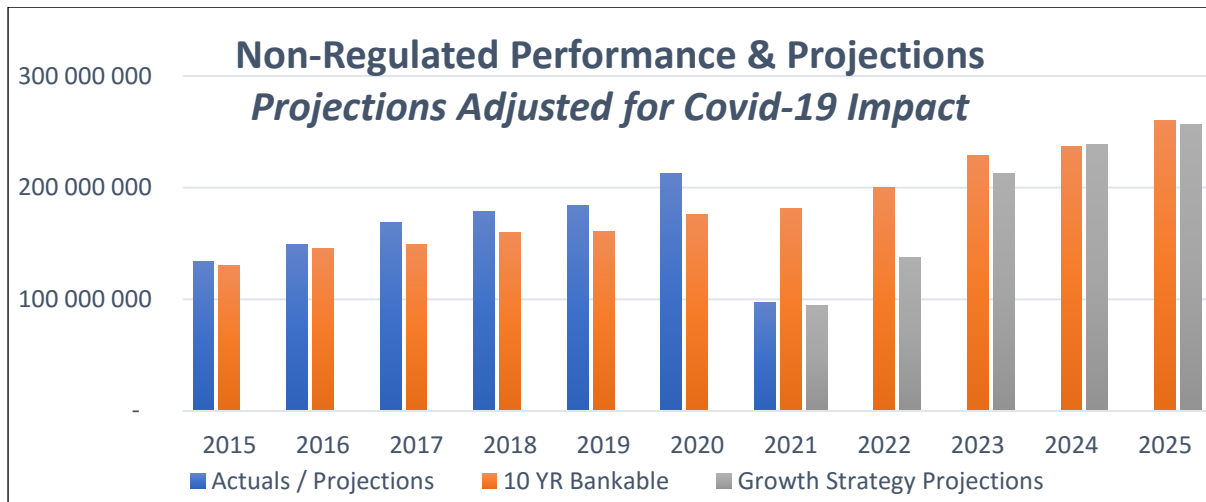


Figure 26: Historical Performance vs. 10Year Plan (2014) & Growth Strategy Projections (Adjusted for Covid-19 Impact)

Despite the Covid-19 setbacks, it is expected that this strategy will see ATNS continuing to be a major player in delivering aviation solutions in the Africa and Indian Ocean Islands region (AFI). We expect a more challenging environment due to increased competition but also new players seeking opportunities. ATNS, through its existing networks on the continent and long-term relationships is, however, well positioned to weather the storms.

Various projects have been successfully delivered to date in several African countries through the ATNS brand, as highlighted in Figure 27.

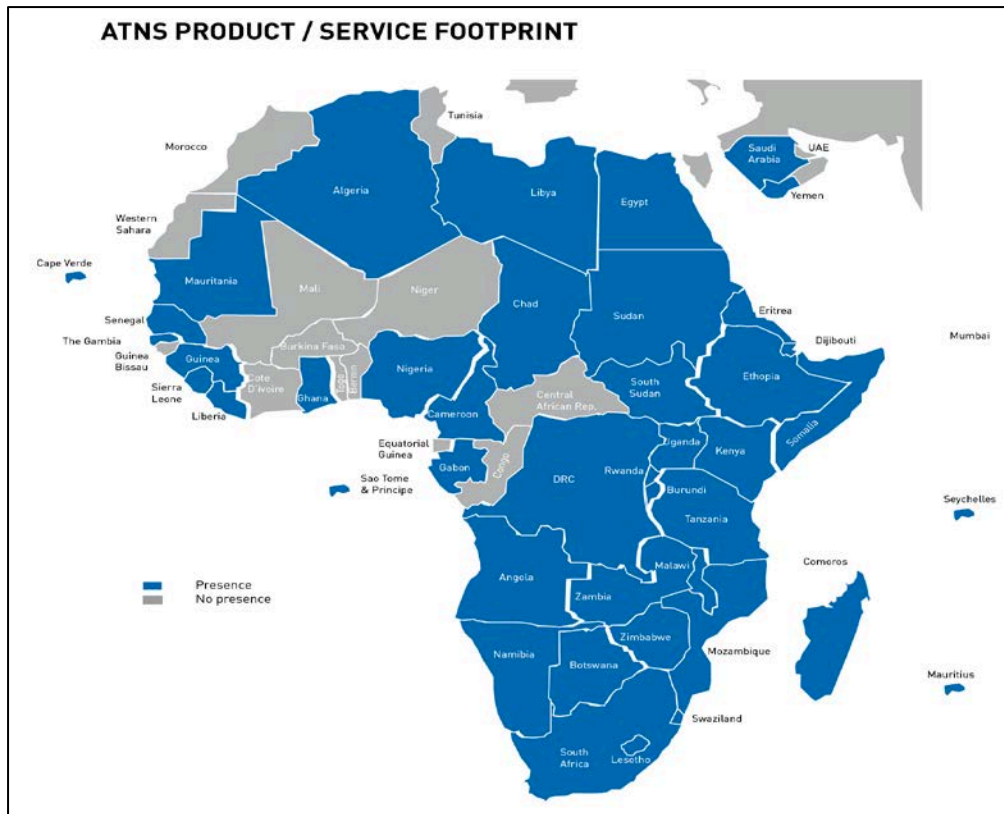


Figure 27: ATNS Product/Service Footprint

Despite good performance to date, the Board and management acknowledge that there are areas of operational strain that need to be addressed. Going forward, the plan is to enhance growth and the focus will be on the following:

- Review business enablers including leveraging off our capabilities and networks. as applied in the past period;
- Focus on optimising internal capacities (ATNS Aviation Training Academy, Technical and IT Divisions) including the creation of an enabling internal environment;
- Review specific business cases where potential for investment is viable, this includes taking a fresh approach on strategic partnerships and finding alignment with international organisations in enhancing our reach, capacity and product/service range;
- Renewed focus on regional initiatives and projects of scale where ATNS can play a leading role for the benefit of South Africa and the region;

- Continue executing current flagship projects while getting closer to our client base; and
- Becoming a solutions-oriented organisation.

The above process is guided by the desire to achieve higher levels of growth for the non-regulated business and our new vision of being the leading provider of Air Traffic Management Solutions in Afric.

Annexure L: Information Technology (IT)

Information Technology (IT) is one of the strategic enablers on the journey to business modernisation, digitisation and continuous improvement at ATNS. The function provides technology capabilities, infrastructure and solutions required to run daily business operations across the country, as well as to create value through the delivery of projects.

The department is resourced with 24 full-time employees allocated across various capability centres within IT. Best practice according to various research companies recommends a set of core capabilities for an IT organisation to strategise, plan, source solutions and monitor the IT estate as represented in our structure as described below.

IT Planning and Governance

The function of IT Planning and Governance is to translate the strategy into a portfolio of programmes and projects based on prioritised initiatives, and to monitor performance of approved projects through the various governance structures. The function also ensures effective IT risk management, including driving resolutions of audit findings, planning and executing disaster recovery simulations. IT vendor and contract management is a critical capability within planning and governance to control costs and maintain compliance with approved supply chain policies and processes.

Enterprise Architecture (EA) provides standards and guidelines for sourcing, integration and building of technology solutions.

Enterprise Applications Management

Enterprise Application Management (EAM) is responsible for the development and maintenance of the application roadmap, guided by EA standards and principles. The implementation of an integrated ERP system is the first step in simplifying the architecture and transforming the applications landscape. This is expected to yield benefits of improved efficiency in business operations over the long-term.

Solution Architecture (SA) will feature strongly in all future solutions to ensure that digital transformation initiatives deliver solutions that are both appropriate and sustainable.

Infrastructure and Service Management

This function leads the transformation in infrastructure technology management to create a solid foundation for ATNS' business modernisation and digital transformation initiatives. The function ensures delivery of secure and reliable IT infrastructure services both on premise and in the cloud. Telecommunications infrastructure, end user computing and mobility also fall within this domain.

Information and Knowledge Management

Information and Knowledge Management provides information and knowledge-sharing platforms, embedding a business culture of creating, sharing and leveraging information and knowledge assets in support of decision making. Key capabilities within this centre include Records Management, Knowledge Management, Business Intelligence and Enterprise Content Management.

Information Security

This function is responsible for the development and implementation of the Information Security strategy and roadmap to protect all digital assets in the corporate and OT domains. This is an all-encompassing roadmap to address information security holistically, including policies, procedures and technology, in order to protect ATNS from both internal and external threats.

Interventions in the roadmap are intended to incrementally improve our cybersecurity posture over the next five years in line with our strategy.

Annexure M: Company Information

ATNS Head Office

Postal address

Private bag X15

Kempton Park

1620

Technical services

Tel: +27 11 928 6469

Fax: +27 11 395 1049

Street address

Block C, Eastgate Office Park

South Boulevard Road

Bruma

2198

Gauteng

Republic of South Africa

Aviation Training Academy

Postal address

Private bag X1

Bonaero Park

1622

Contact details

Tel: +27 11 607 1000

Fax: +27 11 607 1570

Website: www.atns.com

Email: marketing@atns.co.za

Contact details

Tel: +27 11 570 0400

Fax: +27 11 395 3347

Southern Region

Postal Address

Private bag X17

Cape Town International Airport, 7525

Air Traffic Management

Tel: ++27 21 937 1122

Fax: +27 21 937 5530

Technical services

Tel: +27 21 937 1153

Fax: +27 21 937 1181

Northern Region

Postal address

Johannesburg International Airport

Private bag X1

Bonaero Park, 1622

Appendix A: Shareholders Compact



SHAREHOLDER COMPACT

Entered into by and between

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

and

THE BOARD OF

ATNS

2021/22

Table of Contents

1.	Introduction	119
2.	Definitions and Interpretation	119
3.	Purpose of Shareholder Compact	121
4.	Legislative Mandate of the Entity	121
5.	Critical Assumptions	122
6.	Roles and Responsibilities of the Executive Authority	122
7.	Undertakings by the Executive Authority	123
8.	The Entity	124
9.	Corporate Governance	129
10.	Treatment of Developmental Objectives	129
11.	Duration and process of concluding Shareholder Compact	129
12.	Quarterly Evaluation	130
13.	Budgeting and financing cycle	131
14.	Communication between Executive Authority and Accounting Authority	131
15.	General obligations and undertakings by the parties to one another	132
16.	General	132

1. Introduction

- 1.1. The Entity has been established in terms of the Act and is listed in Schedule 2 of the PFMA and 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 Compact; and
 - 1.2.2. The Shareholder 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 MoI of Associations
 - 1.4.2. Enter into this Shareholder 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 Compact to execute their obligations in terms of Regulation 29.2 of the Regulations for the financial year 2021/22

2. Definitions and Interpretation

2.1. Definitions.

In this Shareholder Agreement, 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 –

- 2.1.1. **“Accounting Authority”** means the Board of directors as appointed in accordance with the Act;
- 2.1.2. **“Act”** means the Air Traffic and Navigation Act 1993 (Act No. 45 of 1993);

- 2.1.3. **NDP 2030** means National Development Plan 2030;
- 2.1.4. **"Mol"** 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;
- 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 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 Compact to fulfil and administer the functions set out herein on behalf of the Party which appointed such person;
- 2.1.23. **"Shareholder 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 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 Compact, such words shall, unless otherwise required by the context, have the meanings so assigned to them throughout this Shareholder 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 Compact is in any way inconsistent with the provisions of the PFMA, the Companies Act, or the Act, the relevant provision of the PFMA, the Companies Act, or the Act shall prevail, and this Shareholder Compact shall be read in all respects subject thereto; and
- 2.2.6. if any provision of this Shareholder Compact is in any way inconsistent with the Mol of the Entity, the provision of the Mol shall prevail Mol. 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 Compact

- 3.1. The purpose of this Shareholder 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 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 read 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.

- 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

The Parties have assumed that the timeous submission of the documentation under this Shareholder 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 Compact – End of January
 - 5.3.3. Revised Corporate Plan – end of August
 - 5.3.4. Shareholder Compact, including performance indicators – End of August
 - 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 October
 - 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 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 Compact and **Appendix B**.

7. Undertakings by the Executive Authority

- 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 Mol and this Shareholder 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.

8. The Entity

8.1. Role of the Accounting Authority

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

8.2. Responsibilities of Accounting Authority

- 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 timeously 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 2021 and is to cover the period of 1 April 2021 to 30 June 2021, 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 2021 for the period 1 July 2021 to 30 September 2021;
 - 8.2.7.2. 31 January 2022 for the period 1 October 2021 to 31 December 2021; and
 - 8.2.7.3. 30 April 2022 for the period 1 January 2022 to 31 March 2022
- 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 Statutes, government policies and codes of business practices;
 - 8.2.8.2. it concludes a shareholder 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, **Appendix B** hereto;
 - 8.2.8.7. the key performance measures and indicators the Executive Authority requires, as set out in this Shareholder Compact and **Appendix B**, are achieved and can be measured in terms of **Appendix B**;
 - 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, researches 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 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 Statutes, 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 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 for the Entity;
 - 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 Section 54 (2) of the PFMA; and
 - 8.2.11.5. development of the Materiality Framework; and
 - 8.2.11.6. applications for variation or renegotiation of the Shareholder 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 7.1.6 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 Board 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 Mol, 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 practice guidelines as recommended in the King IV™ and the Protocol on Governance in the Public Sector, 2002.
- 9.3. The Entity is required to support the Department on the finalisation of the appointment process of the Chief Executive including the provision, to the Department, the Board resolution on the interviewed candidates.

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 Compact

- 11.1. The content of the Shareholder 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 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 Mol; or
- 12.6. Comply with quarterly performance indicators and measures indicated in **Appendix B**; 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.

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.

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 timeously, 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 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; and
- 15.3.3. by the Executive Authority, 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 Compact relating to the annexures hereto, no variation or consensual cancellation of this Shareholder Compact, and no addition to this Shareholder 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 Compact.

16.2. Conflict Resolution

- 16.2.1. In the event of either Party fails to comply with any provision of this Shareholder Compact, or if any dispute arises between the Parties as to the interpretation, application or performance of any provision of this Shareholder 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 in regard to 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 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 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 Compact at which addresses all processes and notices arising out of or in connection with this Shareholder Compact, may validly be served upon or delivered to the Parties.
- 16.4.2. For purposes of this Shareholder 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. Metja Maloba
MalobaM@dot.gov.za

16.4.2.2. The Entity:
Air Traffic and Navigation Service Company
Eastgate Office Park
Block C, South Boulevard Road,
Bruma
2198
Lindelwam@tns.co.za

Marked for the attention of: Lindelwa Mngomezulu, 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 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 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.

THUS DONE AND SIGNED at JOHANNESBURG on this 23RD day of

FEBRUARY 2021.

CHAIRMAN OF THE BOARD



23 February 2021

AS WITNESSES:

1 _____

2 _____

THUS DONE AND SIGNED at _____ on this _____ day of

_____ .

MINISTER OF TRANSPORT

AS WITNESSES:

1 _____ 2. _____

Appendix B: Key Performance Indicators

Our Shareholder, the Department of Transport (DoT), derives its departmental outcomes from national government and these articulate the DoT's contribution towards supporting national priorities. On 23 July 2014, the Cabinet adopted the 2014 – 2019 Medium-Term Strategic Framework (MTSF) to be used as the comprehensive five-year implementation plan for the National Development Plan (NDP) 2030 Vision. The MTSF is structured around 14 priority outcomes which cover key focus areas identified in the NDP. The 14 outcomes identified are depicted in Table 24.

Outcome	Outcome Description	NDP Reference
Outcome 1	1. Quality basic education	(NDP Chapter 9)
Outcome 2	2. A long and healthy life for all	(NDP Chapter 10)
Outcome 3	3. All people in South Africa are and feel safe	(NDP Chapters 12 & 14)
Outcome 4	4. Decent employment through inclusive economic growth	(NDP Chapter 3)
Outcome 5	5. Skilled and capable workforce to support an inclusive growth path	(NDP Chapter 9)
Outcome 6	6. An efficient, competitive and responsive economic infrastructure network	(NDP Chapter 4)
Outcome 7	7. Vibrant, equitable, sustainable rural communities contributing to food security for all	(NDP Chapter 6)
Outcome 8	8. Sustainable human settlements and improved quality of household life	(NDP Chapter 8)
Outcome 9	9. Responsive, accountable, effective and efficient local government system	(NDP Chapter 13)
Outcome 10	10. Protect and enhance our environmental assets and natural resources	(NDP Chapter 5)
Outcome 11	11. Create a better South Africa, a better Africa and a better world	(NDP Chapter 7)
Outcome 12	12. An efficient, effective and development oriented public service	(NDP Chapter 13)
Outcome 13	13. Social protection	(NDP Chapter 11)
Outcome 14	14. Nation building and social cohesion	(NDP Chapter 15)

Table 24: Medium Term Strategic Framework 14 Priority Outcomes

Subsequent to the elections held on 08 May 2019 that ushered the 6th Administration into Government, the following 7 Apex Priorities have been identified by Cabinet and form part of Government's Medium-Term Strategy framework (MTSF) that find expression in ATNS' approved DoT KPIs 20/21, the adjusted DoT KPIs 20/21 as aligned to the approved Strategy 2025, the adjusted Corporate Plan 20/21, and this Corporate Plan 21/22. The 7 Apex priorities

identified below align to the 14 priority outcomes and continue to underpin the MTSF that guides the implementation of the National Development Plan (NDP) 2030 Vision.

Priority	Priority Description	NDP Reference
Priority 1	1. Economic Transformation and Job Creation	(NDP Chapter 3)
Priority 2	2. Education, Skills and Health	(NDP Chapter 3)
Priority 3	3. Consolidating the Social Wage through Reliable and Quality Basic Services	(NDP Chapter 6, 13 & 8)
Priority 4	4. Spatial Integration, Human Settlements and Local Government	(NDP Chapter 6)
Priority 5	5. Social Cohesion and Safe Communities	(NDP Chapters 12 & 14)
Priority 6	6. A Capable, Ethical and Developmental State	(NDP Chapter 13)
Priority 7	7. A better Africa and World	(NDP Chapter 7)

Table 25: The Seven Priorities derived from the Electoral Mandate SONA 2020

The Hon. Minister of Transport, in ensuring that the Department accelerates its delivery of services in response to the above apex priorities of government, National Development Plan (NDP) and the Medium-Term Strategic Framework (MTSF) identified strategic priorities depicted in Table 26 that would guide the DoT.

Priority	DoT Strategic Priorities	DoT Priority Applicable to ATNS
Priority 1	Safety as an enabler of service delivery	Applicable
Priority 2	Public transport that enables social emancipation and an economy that works	Applicable
Priority 3	Infrastructure build that stimulates economic growth and job creation	Applicable
Priority 4	Building a maritime nation, elevating the oceans economy	
Priority 5	Accelerating transformation towards greater economic participation	Applicable
Priority 6	Job Creation	Applicable
Priority 7	Innovation	Applicable
Priority 8	Rural Access and Mobility	
Priority 9	Environmental Protection	Applicable

Table 26: DoT Strategic Priorities and ATNS' Response


In response to the Hon. Minister of Transport, ATNS adopted applicable DoT strategic priorities in Table 27 that would guide the organisation in the forthcoming three years.


Priority	Economic Reconstruction and Recovery Plan Priority Interventions	DoT Priority Applicable To ATNS
Priority 1	Infrastructure investment and delivery	
Priority 2	Industrialisation through localisation	
Priority 3	Energy security	
Priority 4	Gender equality and economic inclusion of women and youth	
Priority 5	Support for the recovery and growth of the tourism, cultural and creative industries	
Priority 6	Green economy interventions	
Priority 7	Mass public employment interventions	
Priority 8	Strengthening agriculture and food security	
Priority 9	Macro-economic policy interventions	



Table 27: Economic Reconstruction and Recovery Plan Priority Interventions and ATNS' Response

In response to the South African Economic Reconstruction and Recovery Plan, ATNS has aligned its Key Performance Areas to highlight the priorities that the entity is contributing.


Three Year Key Performance Indicators Projections

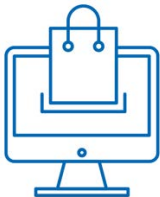
Financial Capital				
National Development Plan NDP 2030: Chapter 4 - Economic Infrastructure				
Medium Term Strategic Framework (MTSF): Outcome 4 Decent employment through inclusive economic growth Outcome 6 An efficient, competitive and responsive economic infrastructure network				
The Seven (7) priorities Priority 1: Economic Transformation and Job Creation				
DoT Strategic Priorities Infrastructure build that stimulates economic growth and job creation				
South African Economic Reconstruction and Recovery Plan Priority 1: Infrastructure investment and delivery Priority 9: Macro-economic policy interventions				
Objective	KPI	Year 1 (2021/22)	Year 2 (2022/23)	Year 3 (2023/24)
1. Maintain financial sustainability 	1. EBITDA(LBIDTA)	(157 713 097)	52 813 235	144 742 403
	2. Current Ratio	1,1	0,7	0,7
	3. Cash as cover for Current Liabilities	0,5	0,3	0,2
	4. Cost to income ratio	113%	97%	91%
	5. Capex - Commitment	R423.6m	R86,6m	Targets pending permission Application process
	6. Capex - Cash Flow	R182.0m	R257.1m	Targets pending permission Application process
	7. Capex - Capitalisation	R256.0m	R183.1m	Targets pending permission Application process
	8. Non-regulated business growth	R137,88m	30% non-regulated revenue growth	35% non-regulated revenue growth

Manufactured Capital				
National Development Plan NDP 2030: Chapter 12: Building Safer Communities				
Medium Term Strategic Framework (MTSF): Outcome 3 All people in South Africa are and feel safe				
The Seven (7) priorities Priority 5: Social Cohesion and Safe Communities				
DoT Strategic Priorities Priority 3: Infrastructure build that stimulates economic growth and job creation				
South African Economic Reconstruction and Recovery Plan Priority 5: Support for the recovery and growth of the tourism, cultural and creative industries				
Objective	KPI	Year 1 (2021/22)	Year 2 (2022/23)	Year 3 (2023/24)
2. Ensure safety and efficiency of operations 	9. Safety ratio	Safety Ratio of 7 or less safety events per 100 000 flights.	Safety Ratio of 6 or less safety events per 100 000 flights.	Safety Ratio of 6 or less safety events per 100 000 flights.
	10. Accident rate	Zero ATS related accidents	Zero ATS related accidents	Zero ATS related accidents
	11. Serious incident rate	Serious Incident Rate of 3 or less of serious (Cat A & B) safety incidents per 100 000 flights	Serious Incident Rate of 3 or less of serious (Cat A & B) safety incidents per 100 000 flights	Serious Incident Rate of 3 or less of serious (Cat A & B) safety incidents per 100 000 flights
	12. SMS maturity	SMS Maturity Level C	SMS Maturity Level C	SMS Maturity Level C
	13. System Availability – Communication	99.67%	99.67%	99.67%
	14. System Availability – Navigation	98.65%	98.65%	98.65%
	15. System Availability – Surveillance	99.77%	99.77%	99.77%
	16. Customer Satisfaction Index	7.25	Improve Index to 7.5	Improve Index to 7.75

Intellectual Capital				
National Development Plan NDP 2030: Chapter 9: Improving Education, Training and Innovation				
Medium Term Strategic Framework (MTSF): Outcome 5: A skilled and capable workforce to support an inclusive growth path				
The Seven (7) priorities Priority 2: Education, Skills and Health				
DoT Strategic Priorities Priority 7: Innovation				
South African Economic Reconstruction and Recovery Plan Priority 1: Infrastructure investment and delivery Priority 2: Industrialisation through localisation				
Objective	KPI	Year 1 (2021/22)	Year 2 (2022/23)	Year 3 (2023/24)
3. Be the leading training academy on the continent 	17. Diversification of training product line and offering	80-89% of one new product line developed and offered to customers	80-89% of one new product line developed and offered to customers	80-89% of one new product line developed and offered to customers
	18. Modernisation/ Digitisation to deliver adaptive and efficient learning	80 & 89% Implementation of the 2021/22 deliverables of the Modernisation roadmap	80 & 89% Implementation of the 2022/23 deliverables of the Modernisation roadmap	80 & 89% Implementation of the 2023/24 deliverables of the Modernisation roadmap
4. Create an adaptive and innovative enterprise 	19. % completion of R&D projects to enhance safety, efficiency & environment	(80% to 89%) completion of approved R&D plan	(80% to 89%) completion of approved R&D plan	(80% to 89%) completion of approved R&D plan
	20. Digital transformation	Implementation of the Digital Transformation annual plan (80% to 89%)	Implementation of the Digital Transformation annual plan (80% to 89%)	Implementation of the Digital Transformation annual plan (80% to 89%)

	21. Cyber security	<p>NIST MIL 2</p> <p>Tier 2</p> <p>Implementation of annual cybersecurity plan as per approved cybersecurity roadmap (80% to 89%)</p>	<p>NIST MIL 3</p> <p>Tier 3</p> <p>Implementation of annual cybersecurity plan as per approved cybersecurity roadmap (80% to 89%)</p>	<p>NIST MIL 4</p> <p>Tier 3</p> <p>Implementation of annual cybersecurity plan as per approved cybersecurity roadmap (80% to 89%)</p>
	22. ERP System Implementation	<p>ERP Phase 1b Scope and business case approved.</p>	<p>Implementation of ERP Phase 1b (80% to 89%) of annual plan.</p>	<p>Implementation of ERP Phase 1b (80% to 89%) of annual plan.</p>

Human Capital				
National Development Plan 2030				
Chapter 9: Improving Education, Training and Education				
Medium Term Strategic Framework (MTSF):				
Outcome 4 Decent employment through inclusive economic growth				
The Seven (7) priorities				
Priority 1: Economic Transformation and Job Creation				
DoT Strategic Priorities				
Priority 6: Job Creation				
South African Economic Reconstruction and Recovery Plan				
Priority 4: Gender equality and economic inclusion of women and youth				
Priority 7: Mass public employment interventions				
Objective	KPI	Year 1 (2021/22)	Year 2 (2022/23)	Year 3 (2023/24)
5. Develop future fit workforce 	23. Implement the Organisation Design Framework in line with the implementation plan.	Implement 80-89% of the targets set out in the Organisational Design framework.	Implement 80-89% of the targets set out in the Organisational Design framework	Implement 80-89% of the targets set out in the Organisational Design framework
	24. Implement a culture review programme	Implement 80-89% of the culture review programme	Implement 80-89% of the culture review programme	Implement 80-89% of the culture review programme

Social Capital				
National Development Plan, NDP 2030: Chapter 14: Building a capable and Developmental State				
Medium Term Strategic Framework (MTSF): Outcome 5: A skilled and capable workforce to support an inclusive growth path				
The Seven (7) priorities Priority 1: Economic Transformation and Job Creation Priority 6: A Capable, Ethical and Developmental State				
DoT Strategic Priorities Priority 5: Accelerating transformation towards greater economic participation.				
South African Economic Reconstruction and Recovery Plan Priority 4: Gender equality and economic inclusion of women and youth Priority 7: Mass public employment interventions				
Objective	KPI	Year 1 (2021/22)	Year 2 (2022/23)	Year 3 (2023/24)
6. Increased business transformation 	25. B-BBEE Level	Level 2 with 100% points on ED	Level 2 with 100% points on ED	Level 2 with 100% points on ED



Natural Capital				
National Development Plan, NDP 2030:				
Chapter 5: Environmental Sustainability and Resilience				
Medium Term Strategic Framework (MTSF)				
Outcome 10 Protecting and enhancing our environmental assets and natural resources.				
The Seven (7) priorities				
Priority 7: A better Africa and World				
DoT Strategic Priorities				
Priority 9: Environmental Protection				
South African Economic Reconstruction and Recovery Plan				
Priority 6: Green economy interventions				
Objective	KPI	Year 1 (2021/22)	Year 2 (2022/23)	Year 3 (2023/24)
7. Improved Environmental stewardship 	26. Implement an environmental management system	EMS certification (Head Office and ATA)	EMS certification (North and South)	Maintain EMS Certification (All sites)

Table 28: Three Year Key Performance Indicators Projections

2020/21 Quarterly Key Performance Indicators

Financial Capital						
National Development Plan NDP 2030:						
Chapter 4 - Economic Infrastructure						
Medium Term Strategic Framework (MTSF):						
Outcome 4 Decent employment through inclusive economic growth						
Outcome 6 An efficient, competitive and responsive economic infrastructure network						
The Seven (7) priorities						
Priority 1: Economic Transformation and Job Creation						
DoT Strategic Priorities						
Infrastructure build that stimulates economic growth and job creation						
South African Economic Reconstruction and Recovery Plan						
Priority 1: Infrastructure investment and delivery						
Priority 9: Macro-economic policy interventions						
Objective	KPI	Quarter 1	Quarter 2	Quarter 3	Quarter 4	2021/22 FY Annual Indicator
1.	1. EBIDTA(LBIDTA)	(63 085 239)	(110 399 167)	(141 941 787)	(157 713 096)	(157 713 097)
2. Maintain financial sustainability 	2. Current Ratio	1,1	1,1	1,1	1,1	1,1
	3. Cash as cover for Current Liabilities	1,5	1,2	0,9	0,5	0,5
	4. Cost to income ratio	188%	141%	121%	113%	113%
	5. Revised Capex Commitment	R 97.1m	R 164.5m	R 119.8m	R 42.2m	R423.6m
	6. Revised Capex Cash Flow	R 37.3m	R 74.7m	R 45.1m	R 25.0m	R182.0m

	7. Revised Capex Capitalisation	R0	R 83.3m	R 62.6m	R 110.0m	R256.0m
	8. Non-regulated business	R27.58m	R34.47m	R34.47m	R41.36m	R137,88m

Manufactured Capital

National Development Plan NDP 2030:

Chapter 12: Building Safer Communities

Medium Term Strategic Framework (MTSF):

Outcome 3 All people in South Africa are and feel safe

The Seven (7) priorities


Priority 5: Social Cohesion and Safe Communities

DoT Strategic Priorities


Priority 3: Infrastructure build that stimulates economic growth and job creation


South African Economic Reconstruction and Recovery Plan


Priority 5: Support for the recovery and growth of the tourism, cultural and creative industries


Objective	KPI	Quarter 1	Quarter 2	Quarter 3	Quarter 4	2021/22 FY Annual Indicator
2. Ensure safety and efficiency of operations 	9. Safety ratio	Safety Ratio of 7 or less safety events per 100 000 flights.	Safety Ratio of 7 or less safety events per 100 000 flights.	Safety Ratio of 7 or less safety events per 100 000 flights.	Safety Ratio of 7 or less safety events per 100 000 flights.	Safety Ratio of 7 or less safety events per 100 000 flights.
	10. Accident rate	Zero ATS related accidents	Zero ATS related accidents	Zero ATS related accidents	Zero ATS related accidents	Zero ATS related accidents
	11. Serious incident rate	Serious Incident Rate of 3 or less of serious (Cat A & B)	Serious Incident Rate of 3 or less of serious (Cat A & B) safety	Serious Incident Rate of 3 or less of serious (Cat A & B) safety	Serious Incident Rate of 3 or less of serious (Cat A & B)	Serious Incident Rate of 3 or less of serious (Cat A & B) safety

		safety incidents per 100 000 flights	incidents per 100 000 flights	incidents per 100 000 flights	safety incidents per 100 000 flights	incidents per 100 000 flights
	12. SMS Maturity	Update CANSO SMS Benchmarking questionnaire for submission to CANSO for benchmarking purposes and submit questionnaire by 15th June 2020	Review updated CANSO SMS Benchmarking questionnaire and draft preliminary report	Review CANSO SMS Benchmarking report if available and compare to draft report	Report on SMS Benchmarking results from CANSO and finalise report	SMS Maturity Level C
	13. System Availability – Communication	99.67%	99.67%	99.67%	99.67%	99.67%
	14. System Availability – Navigation	98.65%	98.65%	98.65%	98.65%	98.65%
	15. System Availability – Surveillance	99.77%	99.77%	99.77%	99.77%	99.77%
	16. Customer Satisfaction Index	N/A	N/A	N/A	7.25	Improve index to 7.25

Intellectual Capital						
National Development Plan NDP 2030: Chapter 9: Improving Education, Training and Innovation						
Medium Term Strategic Framework (MTSF): Outcome 5: A skilled and capable workforce to support an inclusive growth path						
The Seven (7) priorities Priority 2: Education, Skills and Health						
DoT Strategic Priorities Priority 7: Innovation						
South African Economic Reconstruction and Recovery Plan Priority 1: Infrastructure investment and delivery Priority 2: Industrialisation through localisation						
Objective	KPI	Quarter 1	Quarter 2	Quarter 3	Quarter 4	2021/22 FY Annual Indicator
3. Be the leading training academy on the continent 	17. Diversification of training product line and offering	Design of Programme framework, curriculum and related training tools	50% development of programme contents	100% development of programme contents	Completion of product development and one new product line offering	80-89% of one new product line developed and offered to customers
	18. Modernisation/ Digitisation to deliver adaptive and efficient learning	<ul style="list-style-type: none"> Approval of LMS URS and initiate tender process as well as service provider appointment Virtual Training platform System development 	<ul style="list-style-type: none"> LMS development Virtual Training platform System Development and UAT 	<ul style="list-style-type: none"> LMS System Development and UAT Virtual Training platform System go-live 	<ul style="list-style-type: none"> LMS System go-live Virtual Training platform implementation 	<ul style="list-style-type: none"> Between 80 & 89% Implementation of the 2021/22 deliverables of the Modernisation roadmap

4. Create an adaptive and innovative enterprise 	19. % completion of R&D projects to enhance safety, efficiency & environment	20%	45%	80%	80% to 100%	(80% to 89%) completion of approved R&D plan
	20. Digital Transformation	15% to 25%	25% to 50%	50% to 75%	80% to 100%	Implementation of the Digital Transformation annual plan (80% to 89%)
	21. Cyber Security	15% to 25%	25% to 50%	50% to 75%	80% to 100%	NIST MIL 2 Tier 2 Implementation of annual cybersecurity plan as per approved cybersecurity roadmap (80% to 89%)
	22. ERP System Implementation	<20% Sev 1&2 Incidents	<15% Sev 1&2 Incidents 30% completion of 1b scope and business case	<10% Sev 1&2 Incidents 60% - 80% completion of 1b scope and BC	<5% Sev 1&2 Incidents 80% - 100% completion of 1b scope and BC	ERP Phase 1b Scope and business case approved.

Human Capital						
National Development Plan 2030						
Chapter 9: Improvement Education, Training and Training						
Medium Term Strategic Framework (MTSF):						
Outcome 4 Decent employment through inclusive economic growth						
The Seven (7) priorities						
Priority 1: Economic Transformation and Job Creation						
DoT Strategic Priorities						
Priority 6: Job Creation						
South African Economic Reconstruction and Recovery Plan						
Priority 4: Gender equality and economic inclusion of women and youth						
Priority 7: Mass public employment interventions						
Objective	KPI	Quarter 1	Quarter 2	Quarter 3	Quarter 4	2021/22 FY Annual Indicator
5. Develop future fit workforce 	23. Implement the framework based on the implementation plan.	Conduct Organisation-Wide analysis on the “As-Is” Organisation Design.	Develop the “To Be” Organisation Structure.	Develop the Strategic Workforce Plan.	Organisation Effectiveness: Develop metrics for the implementation of the Organisation Design implementation.	Implement 80-89% of the targets set out in the Organisational Design framework.
	24. Implement a culture review programme	Workshops survey results with leadership team and functional teams. Develop action plans in line with the values.	Implement action plans.	Implement action plans. Design a Team Dynamics Programme.	Implement the Team Dynamics Programme.	Implement 80-89% of the culture review programme

Social Capital						
National Development Plan, NDP 2030: Chapter 3: Economy and Employment						
Medium Term Strategic Framework (MTSF): Outcome 5: A skilled and capable workforce to support an inclusive growth path						
The Seven (7) priorities Priority 1: Economic Transformation and Job Creation Priority 6: A Capable, Ethical and Developmental State						
DoT Strategic Priorities Priority 5: Accelerating transformation towards greater economic participation.						
South African Economic Reconstruction and Recovery Plan Priority 4: Gender equality and economic inclusion of women and youth Priority 7: Mass public employment interventions						
Objective	KPI	Quarter 1	Quarter 2	Quarter 3	Quarter 4	2021/22 FY Annual Indicator
6. Increased business transformation 	25. B-BBEE Level	N/A	N/A	N/A	Level 2 with 100% points on ED	Level 2 with 100% points on ED


Natural Capital						
National Development Plan, NDP 2030: Chapter 5: Environmental Sustainability and Resilience						
Medium Term Strategic Framework (MTSF) Outcome 10 Protecting and enhancing our environmental assets and natural resources.						
The Seven (7) priorities Priority 7: A better Africa and World						
DoT Strategic Priorities Priority 9: Environmental Protection						
South African Economic Reconstruction and Recovery Plan Priority 6: Green economy interventions						
Objective	KPI	Quarter 1	Quarter 2	Quarter 3	Quarter 4	2021/22 FY Annual Indicator
7. Improved environmental stewardship 	26. Implement an environmental management system	EMS Certification (Procurement process)	EMS readiness (Gap analysis)	EMS Certification Stage 1 assessment (Head Office and ATA)	EMS Certification – Stage 2 (Head Office and ATA)	EMS Certification (Head Office and ATA)

Table 29: 2020/21 Quarterly Key Performance Indicators

KPI Performance Measures

Objective	KPI	Performance Measure
1. Maintain financial sustainability		
National Development Plan NDP 2030: Chapter 4 - Economic Infrastructure		
Medium Term Strategic Framework (MTSF): Outcome 4 Decent employment through inclusive economic growth Outcome 6 An efficient, competitive and responsive economic infrastructure network		
The Seven (7) priorities Priority 1: Economic Transformation and Job Creation		
DoT Strategic Priorities Infrastructure build that stimulates economic growth and job creation		
South African Economic Reconstruction and Recovery Plan Priority 1: Infrastructure investment and delivery Priority 9: Macro-economic policy interventions		
Managing our profits, costs and balance sheet to enable a financially resilient ATNS	1.1. EBIDTA(LBIDTA)	Earnings or (Loss) before interest, tax, depreciation and amortization
	1.2. Current ratio	Liquidity ratio comparing our current assets to current liabilities
	1.3. Cash as cover for Current Liabilities	Liquidity measure derived by adding our total reserves of cash and near-cash securities and dividing that sum by total current liabilities
	1.4. Cost to income ratio	The cost as a percentage of income
	1.5. Capex - Capitalisation	The annual capital expenditure that has been capitalised
	1.6. Capex - Cash Flow	The annual capital expenditure spent towards Capitalisation
	1.7. Capex - Commitment	The annual expenditure committed to contracts with OEMs and suppliers
	1.8. Non-regulated business growth	The growth of non-regulated revenue
2. Ensure safety and efficiency of operations		
National Development Plan NDP 2030:		

Chapter 12: Building Safer Communities		
Medium Term Strategic Framework (MTSF):		
Outcome 3 All People in South Africa are and Feel safe		
The Seven (7) priorities		
Priority 5: Social Cohesion and Safe Communities		
DoT Strategic Priorities		
Priority 3: Infrastructure build that stimulates economic growth and job creation		
South African Economic Reconstruction and Recovery Plan		
Priority 5: Support for the recovery and growth of the tourism, cultural and creative industries		
Ensuring a safe and efficient operational environment for the benefit of our customers	2.1. Safety ratio	The number of safety incidents per 100 000 flights
	2.2. Accident rate	The total number of accidents
	2.3. Serious incident rate	The total number of serious (A+B) incidents per 100 000 flights
	2.4. Average Departure Delay per Delayed Flight	The average departure delay (measured in time) for delayed flights
	2.5. System Availability – Communication	The national availability of communication services
	2.6. System Availability – Navigation	The national availability of navigation services
	2.7. System Availability – Surveillance	The national availability of surveillance services
	2.8. Cyber security	Mature cyber security capabilities to build cyber resilience
	2.9. Customer Satisfaction Index	Measure the satisfaction levels of ATNS customers
3. Be the leading training academy on the continent		
National Development Plan NDP 2030:		
Chapter 9: Improving Education, Training and Innovation		
Medium Term Strategic Framework (MTSF):		
Outcome 5: A skilled and capable workforce to support an inclusive growth path		
The Seven (7) priorities		
Priority 2: Education, Skills and Health		
DoT Strategic Priorities		
Priority 7: Innovation		
South African Economic Reconstruction and Recovery Plan		
Priority 1: Infrastructure investment and delivery		
Priority 2: Industrialisation through localisation		
	3.1. Diversification of training product line and offering	The number of new programs offered by ATA

Elevating the status and quality of our training programs offered throughout Africa	3.2. Modernisation to deliver adaptive and efficient learning	Modernisation of ATA's systems, processes and platforms
4. Create an adaptive and innovative enterprise		
Creating an organisation that innovates and adapts to the environment	4.1. % completion of R&D projects to enhance safety, efficiency & environment	Completion of projects as per the approved R&D plan
	4.2. Implement Enterprise Resource Plan (ERP)	Full implementation of approved scope: Oracle Human Capital, Finance and Supply Chain modules
	4.3. Digital Transformation	Migrate from and decommission legacy infrastructure and applications to modern architectures that enable a digital enterprise.
	4.4. Cyber Security	Mature cyber security capabilities to build cyber resilience
5. Develop future-fit workforce		
National Development Plan NDP 2030: Chapter 9: Improvement Education, Training and Training		
Medium Term Strategic Framework (MTSF): Outcome 4 Decent employment through inclusive economic growth		
The Seven (7) priorities Priority 1: Economic Transformation and Job Creation		
DoT Strategic Priorities Priority 6: Job Creation		
South African Economic Reconstruction and Recovery Plan Priority 4: Gender equality and economic inclusion of women and youth Priority 7: Mass public employment interventions		
Developing the relevant skills in the business to produce an agile and resilient ATNS whilst embedding a desirable	5.1. Implement the Framework based on the implementation plan by 31 March 2022	Review the organisational structure to enable implementation of the 2025 strategy.
	5.2. Implement the Board approved Culture Review programme by March 2022	Based on the assessment of as-is culture, workshop survey results with the ATNS leadership team; Workshop results with each functional department; Design and implement a team dynamics programme.

culture aligned to Strategy 2025		
National Development Plan, NDP 2030: Chapter 3: Economy and Employment		
Medium Term Strategic Framework (MTSF): Outcome 5: A skilled and capable workforce to support an inclusive growth path		
The Seven (7) priorities Priority 1: Economic Transformation and Job Creation Priority 6: A Capable, Ethical and Developmental State		
DOT Strategic Priorities Priority 5: Accelerating transformation towards greater economic participation.		
South African Economic Reconstruction and Recovery Plan Priority 4: Gender equality and economic inclusion of women and youth Priority 7: Mass public employment interventions		
6. Increased business transformation		
Ensuring that ATNS plays a role in the transformation of the aviation industry	6.1. Achieve desired B-BBEE Level	Broad-Based Black Economic Empowerment level, as measured per the Act.
7. Improved environmental stewardship		
National Development Plan, NDP 2030: Chapter 5: Environmental Sustainability and Resilience		
Medium Term Strategic Framework (MTSF) Outcome 10 Protecting and enhancing our environmental assets and natural resources.		
The Seven (7) priorities Priority 7: A better Africa and World		
DOT Strategic Priorities Priority 9: Environmental Protection		
South African Economic Reconstruction and Recovery Plan Priority 6: Green economy interventions		
Promote, monitor and adopt sustainable practices so as to reduce our impact on the	7.1. Environmental Management System implementation	Implementation of an Environmental Management System (EMS) as per ISO 14001:2015, and measurement of our Sustainability Maturity Level.

environment for the benefit of future generations		
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Table 30: KPI Performance Measures

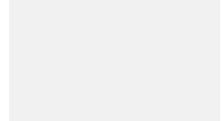
Governance Indicators - Medium Term Targets

Performance Outcome	Output	Output Indicator	Annual Targets							
			Audited / Actual Performance			Estimated Performance	MTEF Period			
			2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	
Leadership, Governance and Accountability										
Improved governance and strengthened control environment	Adequacy of responses to Parliament questions	Percentage responses to Parliament questions within stipulated timelines	-	-	-	-	100% responses to Parliament questions	100% responses to Parliament questions	100% responses to Parliament questions	
	Resolution of reported incidents of corruption	Percentage resolution of reported incidents of corruption	-	-	-	-	95% resolution of reported incidents of corruption	95% resolution of reported incidents of corruption	95% resolution of reported incidents of corruption	
	Functionality of ethics	Ethics committees	-	-	-	-	Departmental Ethics	Departmental Ethics	Departmental Ethics	

Performance Outcome	Output	Output Indicator	Annual Targets						
			Audited / Actual Performance			Estimated Performance	MTEF Period		
			2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
	structures and adequate capacity	established and operationalised					Committees operationalised	Committees operationalised	Committees operationalised
	Implementation of action plan to address audit findings	Percentage implementation of action plans to address audit findings	Annual Progress Report on the implementation of action plan to address audit findings	Annual Progress Report on the implementation of action plan to address audit findings	Annual Progress Report on the implementation of action plan to address audit findings	100% implementation of action plans to address audit findings	100% implementation of action plans to address audit findings	100% implementation of action plans to address audit findings	100% implementation of action plans to address audit findings
	Reduction of qualified audits	Regulatory Audit Outcome by the Auditor-General of South Africa (AGSA)	Unqualified Audit Report with findings	Unqualified Audit Report with findings	Unqualified Audit Report with findings	Unqualified Audit Report with no significant findings	Unqualified Audit Report with no significant findings	Unqualified Audit Report with no significant findings	Unqualified Audit Report with no significant findings
	Elimination of wasteful and fruitless expenditure	Percentage reduction of cases of wasteful and fruitless expenditure	-	-	-	-	100% reduction of cases of wasteful and fruitless expenditure	100% reduction of cases of wasteful and fruitless expenditure	100% reduction of cases of wasteful and fruitless expenditure

Performance Outcome	Output	Output Indicator	Annual Targets						
			Audited / Actual Performance			Estimated Performance	MTEF Period		
			2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
	Reduction of irregular expenditure	Percentage reduction of cases of irregular expenditure	-	-	-	-	75% reduction of cases of irregular expenditure	75% reduction of cases of irregular expenditure	75% reduction of cases of irregular expenditure
	Compliance to 30-day payment requirement	Percentage compliance to 30-day payment requirement	-	-	-	-	100% compliance	100% compliance	100% compliance

Table 31: Three Year Key Governance Indicators



Governance Indicators - Annual and Quarterly Targets

Output Indicator	Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Leadership, Governance and Accountability					
Percentage responses to Parliament questions within stipulated timelines	100% responses to Parliament questions	-	Bi-Annual Report on the status of responses to Parliamentary questions	-	Annual Report on the status of responses to Parliamentary questions
Percentage resolution of reported incidents of corruption	95% resolution of reported incidents of corruption	-	Bi-Annual Report on progress made to resolve reported incidents of corruption	-	Annual Report on steps taken to ensure resolution of reported incidents of corruption
Ethics committees established and operationalised	Operations of departmental ethics committees monitored	-	Bi-Annual Report on the status and operations of ethics committees in the Department.	-	Annual Report on the status and operations of ethics committees in the Department.
Percentage implementation of action plans to address audit findings	100% implementation of action plans to address audit findings	-	-	Develop action plans to address audit findings raised by the AGSA for the 2019/20 financial year	Annual Report on the implementation of action plan to address audit findings raised by the AGSA for the 2019/20 financial year.
Regulatory Audit Outcome by the Auditor-General of South Africa (AGSA)	Unqualified Audit Report with no significant findings	-	-	-	Annual Report on efforts taken to achieve an unqualified audit report with no significant findings.

Output Indicator	Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Percentage reduction of cases of wasteful and fruitless expenditure	75% reduction of cases of wasteful and fruitless expenditure	-	Bi-Annual Report on steps taken to reduce wasteful and fruitless expenditure in the Department.	-	Annual Report on steps taken to reduce wasteful and fruitless expenditure in the Department.
Percentage reduction of cases of irregular expenditure	75% reduction of cases of irregular expenditure	-	Bi-Annual Report on steps taken to reduce irregular expenditure in the Department.	-	Annual Report on steps taken to reduce irregular expenditure in the Department.
Percentage compliance to 30-day payment requirement	100% compliance to 30-day payment requirement	-	Bi-Annual Report on steps taken to ensure compliance to the 30-day payment requirement	-	Annual Report on steps taken to ensure compliance to the 30-day payment requirement

Table 31: Governance Indicators - Annual and Quarterly Targets

Abbreviations and Acronyms

Acronym	Full Name
%	Percent
4IR	Fourth Industrial Revolution
AASA	Airlines Association of Southern Africa
A-CAD	African Centralised Aeronautical Database
ACI	Airports Council International
ACSA	Airports Company of South Africa
ADS-B	Automatic Dependent Surveillance-Broadcast
ADDD	Average Departure Delay per Delayed Flight
AFI	African Indian Ocean
AFS	Annual Financial Statements
AFTN	Aeronautical Fixed Telecommunications Network
AIC	African, Indian, or Coloured
AIM	Aeronautical Information Management
AIS	Aeronautical Information Service
ANS	Air Navigation Service
ANSP	Air Navigation Service Provider
AOP	Annual Operational Plan
ARSC	Air Traffic Service Direct Speech
ARSC	Research Steering Committee
ASBU	Aviation System Block Upgrades
ASECNA	L'Agence pour la Sécurité de la Navigation Aérienne en Afrique et à Madagascar
ATA	Aviation Training Academy
ATS-DS	Air Traffic Service Direct Speech
ATS	Air Traffic Services
ATSEP	Air Traffic Safety Electronics Personnel
ATC	Air Traffic Controller
ATCC	Air Traffic Centre
ATCO	Air Traffic Controllers Officer
ATM	Air Traffic Management/Movement
ATFM	Air Traffic Flow Management
B-BBEE	Broad-Based Black Economic Empowerment
BARSA	Board of Airline Representatives of South Africa
BSC	Balanced Scorecard
CANSO	Civil Air Navigation Services Organisation
CA(SA)	Chartered Accountant South Africa
CEO	Chief Executive Officer
CONOPS	Concept of Operations
Capex	Capital Expenditure
CDF	Capex Delivery Framework

CDM	Collaborative decision making
CNS	Communication, Navigation and Surveillance
CCO	Continuous Climb Operations
CDM	Collaborative Decision Making
CDO	Continuous Descent Operations
COVID-19	Coronavirus Disease
CSI	Corporate Social Investment
DME	Distance Measuring Equipment
DoT	Department of Transport
EE	Employment Equity
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
EGDP	Engineering Graduate Development Programme
ERM	Enterprise Risk Management
ERP	Enterprise Resource Planning
ETS	Engineering Technical Services
EMS	Environmental Management System
Exco	Executive Committee
FPP	Fraud Prevention Plan
FAOR	OR Tambo International Airport
FACT	Cape Town International Airport
FALE	King Shaka International Airport
FY	Financial Year
GIT	Graduate In-Training Programme
GANP	Global Air Navigation Plan
GASP	Global Aviation Safety Plan
GDP	Gross Domestic Product
GHG	Greenhouse Gas
HC	Human Capital
HCP	Human Capital Planning
Hon	Honourable
HPM	Human Performance Management
IATA	International Air Transport Association
ICAO	International Civil Aviation Organisation
ICT	Information Communication Technology
IFR	Instrument Flight Rule
IFRS	International Financial Reporting Standards
IIA	Institute of Internal Auditors
IP	Intellectual Property
IT	Information Technology
ISO	Internal Organisation Standardization
KPA	Key Performance Area
KPI	Key Performance Indicator

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NAFISAT	North Eastern African Indian Ocean VSAT Network
NDP 2030	National Development Plan 2030
No.	Number
MIL	Maturity Indicator Level
MTSF	Medium -Term Strategic Framework
NIST	National Institute of Standards and Technology
NGAP	Next Generation of Aviation Professional
OEM	Original Equipment Manufacturers
Opex	Operational Expenditure
OT	Operational Technology
PBN	Performance Based Navigation
PESTLE	Political, Economic, Social, Technological, Legal and Environmental
PFMA	Public Finance Management Act, Act, No. 1 of 1999
PwD	People with disability
QMS	Quality Management System
RC	Regulating Committee
ROCE	Return on Capital Employed
RAF	Risk Appetite Framework
RPAS	Remotely Piloted Aircraft Systems
R&D	Research and Development
RSI	Risk Safety Index
RSA	Republic of South Africa
SA	South Africa
SAA	South African Airways
SAATM	Smart Single African Air Transport Market
SACAA	South African Civil Aviation Authority
SCM	Supply Chain Management
SADC	Southern African Development Community
SLA	SLA Service Level Agreement
SMS	Safety Management System
SOC	State-Owned Company
SOE	State-Owned Entity
SWIM	System Wide Information Management
SWOT	Strengths, Weaknesses, Opportunities, and Threats
UACC	Upper Airspace Control Centre
VSAT	Very Small Aperture Terminal
WGS-84	World Geodetic System 1984
YES	Youth Employment Service