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.. this presentation ...

- commercialisation literature largely focuses on
 - the changing relationship between government and ANSP's and/or
 - reasons for commercialisation
- share the 13-year ATNS experience of commercialisation – address elements of brief
 - impact of a business approach
 - commercialisation and safety
 - role of the clients and regulators
 - consider some challenges
 - share some lessons
- moving from the premise that a business approach is good for safety, efficiency and service provision

"efficiency, safety and service provision"



.. impact of commercialisation...

- run on commercial principles – professional managers
- tariffs and service standards set by an economic regulator
 - price cap mechanism
 - long term planning an important by-product
- performance targets set by ATNS
 - based on past performance, future demand and international benchmarking
 - currently safety & service delivery indicators
 - achieving staffing numbers – a clear performance indicator
 - focus shifting to efficiency – established dedicated airspace efficiency unit – set initial efficiency targets

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.. impact of commercialisation...

- finances are ring-fenced from government
 - ATNS borrows commercially
 - not underwritten by government
 - maximum gearing allowed 30%
- user pays principle firmly entrenched
- flexible use of airspace
 - military and civilian
- ongoing investment in infrastructure
 - 1994-1999 focused on replacement of infrastructure
 - 2000- focus on new capacity, efficiency and interoperability

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..looking forward...

- gravitation toward satellite and digital technologies
 - mitigate challenges of terrestrial based systems
 - reduce pilot and ATC workload
 - reduce investment costs on the ground
- 2007/8-2011/12
 - R786m capex spend
 - **ATM** – increase in en-route, terminal area capacity, as well as peak hour capacity – demand and supply management
 - **CNS** - Extension of life of assets – risk mitigation strategies

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..commercialisation and safety? ...

- leadership - public good approach to business
- intense focus on safety necessary
 - **2004/05** - good efficiency indicators, less satisfactory safety indicator – 2004/5 – 6.44 incidents per 100 000 movements
 - **2005/06** - refocused on safety– end March 2006 - 3.41 incidents per 100 000 movements – efficiency indicator less favourable – linked to staffing numbers
- ANS business about operational safety
 - safety and standards management system
 - improved risk mitigation process
 - mature quality management system
 - recent expansion of ATNS internal safety and security oversight capacity

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.. ATNS and its clients...

- ATNS subject to an array of regulatory mechanisms
 - safety: SACAA
 - economic: Regulating Committee
 - governance: PFMA and Companies Act
 - shareholding: Shareholders Compact
- increasingly major decisions based on client consultation
- two levels of client interaction
 - operational – collaborative decision making
 - strategic – consultation on 5-year strategic plan
- clients more knowledgeable than the regulators
 - sophisticated and succeed at extracting value
- best outcome achieved when both partners equally balanced

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.. new generation challenges...

- ensuring a smooth pipeline of ATCO's
 - continued high growth in demand / global shortage/ retention
- rolling out a capacity programme ahead of demand
- introducing corrective measures (revenue sharing)
- regionalisation of services – 3 areas of focus
 - regional service provision
 - satellite based communication network
 - upper airspace control centre
 - human resource development
 - introduction of new technologies to improve safety, reduce costs and/or increase capacity
 - GNSS
 - RVSM

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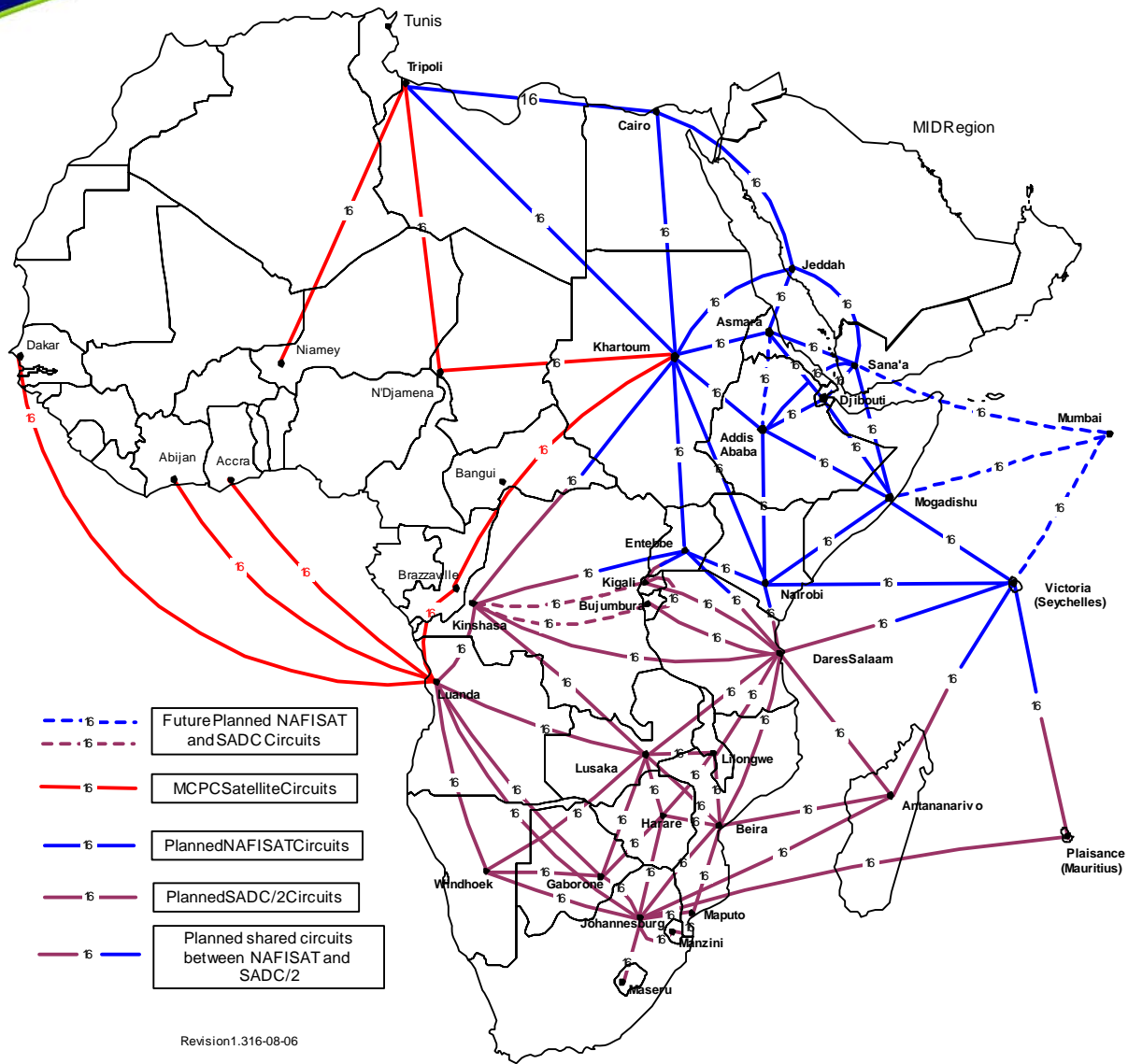
.. regionalism...

- regional service provision politicised
 - issues inhibiting regional service provision well documented
- progress made in relation to regional provision of communication services
 - Southern and North East African VSAT
 - joint service provision - joint procurement of equipment – interoperability
- future focus South–South
 - sharing of staff
 - shared maintenance facilities
 - suppliers consolidating – joint supplier strategy

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..regionalisation of ATNS service provision.





.. some lessons....

- air navigation provider only one partner in aviation value chain. For example - ATNS's planned increase in capacity over next five years dependent on:
 - **ACSA**: provision of high speed taxiways, holding bays and parking bays
 - **SACAA**: approval of stripless operations, reduction of separation on final approach from 6nm to 3nm for heavy aircraft
 - **ATNS**: step change in staff numbers required
 - **Operators**: *equipped*
- the institutionalisation of macro aviation planning in a commercialised environment critical
 - SA established an aviation strategic forum
- regular review of regulatory environment necessary

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thank you any questions?

