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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

**“efficiency, safety and service provision”**



## .. 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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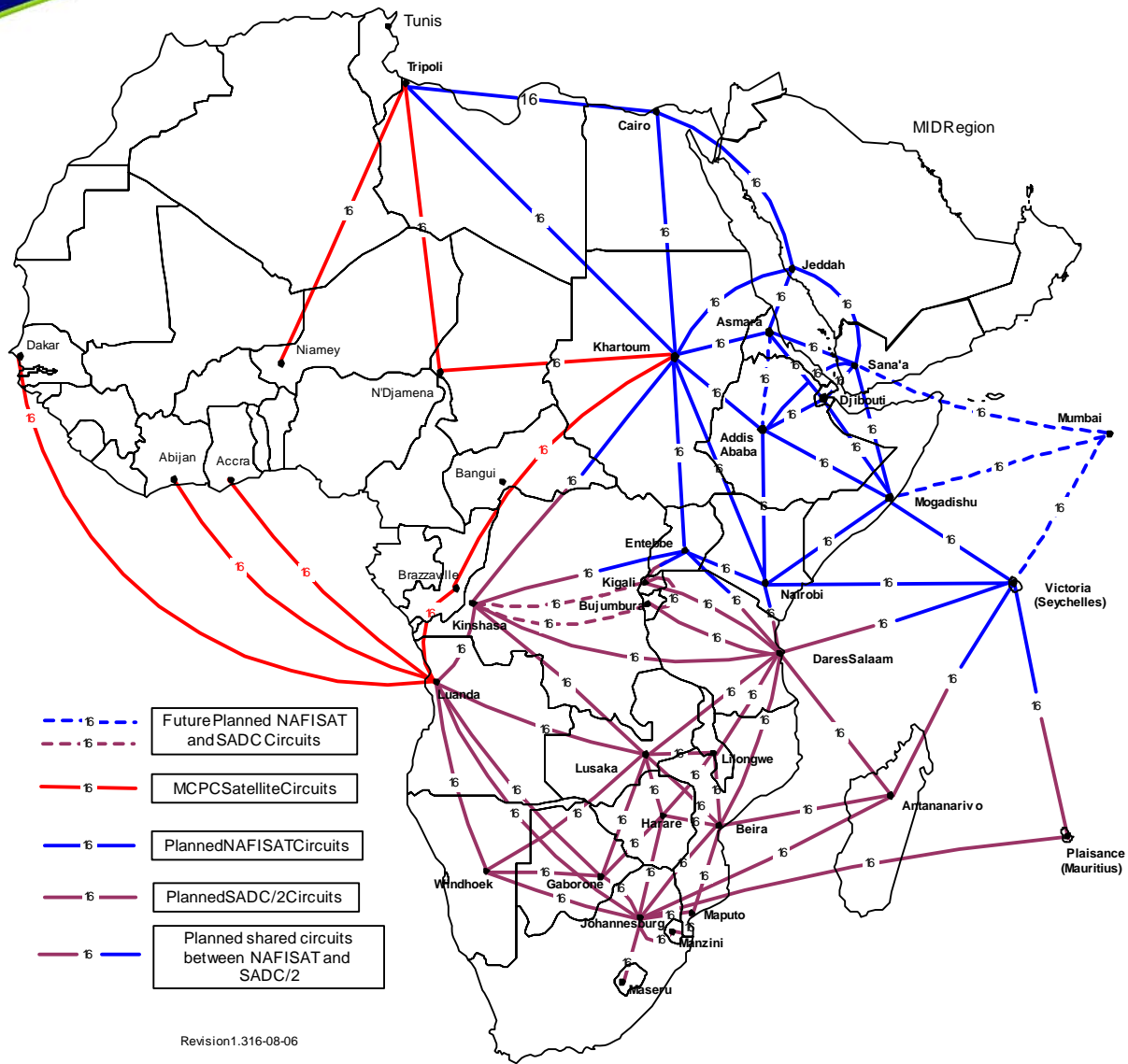
## .. regionalism...

- 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?**

