

**Namibia Civil Aviation Authority**

# **ANNUAL REPORT 2017/18**

**A new beginning for the civil  
aviation industry of Namibia**





**WELCOME TO  
OUR ANNUAL  
REPORT FOR  
2017/18**



## Namibia Civil Aviation Authority

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# ABOUT THIS REPORT

## Board Statement

This Annual Report has been prepared in accordance with Section 29 (1) (3) (4) (5) and (6) of the Civil Aviation Act, 2016.

This Annual Report also includes performances of the Civil Aviation Security Oversight system, which in terms of Annex 17 and Annex 9, is administrated according to Part 12, Section 117 of the Civil Aviation Act, 2016.

A handwritten signature in black ink, appearing to read 'Kosmas Egumbo'.

**KOSMAS EGUMBO**  
Chairperson: Namibia Civil Aviation Authority Board of Directors  
30 September 2018





## LIST OF OFTEN-USED DEFINITIONS/ACRONYMS

|                       |  |
|-----------------------|--|
| Act                   | The Civil Aviation Act of 2016 (Act No. 6 of 2016)   |
| APV                   | Approach with vertical guidance  |
| Annex 1-119           | Annexes to the Chicago Convention  |
| ANS                   | Air Navigations Services (Part 6 of the Act)   |
| Baro-VNAV             | Barometric Vertical Navigation   |
| Board                 | Board of Directors of the Authority established in terms of section 12 of the Act  |
| Chicago Convention    | Commonly known as the 'Chicago Convention', the Convention on International Civil Aviation, drafted in 1944 by 54 nations, established the core principles permitting international transport by air, and led to the creation of the specialised agency which has overseen it ever since – the International Civil Aviation Organization (ICAO). |
| ICAO                  | The International Civil Aviation Authority Organization, an agency of the United Nations, established in terms of the Chicago Convention (annexed as Schedule 1 to the Act)  |
| ICT                   | Information and communications technologies  |
| MWT                   | Ministry of Works and Transport  |
| NAMCARs               | Namibia Civil Aviation Regulations (and its various amendments)  |
| NAMCATS               | Namibia Civil Aviation Technical Standards (and its various amendments)  |
| NAC                   | The Namibia Airports Company established in terms of Act No. 25 of 1998  |
| NCAA or the Authority | The juristic person called the Namibia Civil Aviation Authority established in terms of section 8 of the Act   |
| PBN                   | Performance Based Navigation   |
| TCB                   | Technical Cooperation Bureau, an organisational entity of ICAO   |

# ORGANISA- TIONAL PROFILE

## Namibia Civil Aviation Authority

### Nature and Purpose of our Business

The Namibia Civil Aviation Authority (NCAA) is a state-owned enterprise established in terms of the Civil Aviation Act, 2016 (Act No. 6 of 2016). It commenced operating on 1 November 2016.

The Act provides for, amongst others:

- The establishment of the Namibia Civil Aviation Authority,
- The establishment of the Air Navigation Services (ANS) in the Authority; and
- The provision for a civil aviation regulatory and control framework for maintaining, enhancing and promoting the safety and security of civil aviation for ensuring the implementation of international aviation agreements.

The NCAA functions autonomously under a Board of Directors, appointed by the Minister of Works and Transport in his capacity as the portfolio Minister. As such, it is the independent statutory authority of Namibia's civil aviation industry.

Its key role is to conduct the safety and security regulation of civil air operations in Namibia's airspace, and to provide air navigational services to all airspace users.

**Aviation safety and security lies at the core of everything that the NCAA does, what we stand for and the reason for our existence.**

## Our Objectives

As stated in the Civil Aviation Act, the objectives of the NCAA are as follows:

1. Control, regulate and promote civil aviation safety and security;
2. Oversee the implementation of, and compliance with, the national aviation security programme;
3. Oversee the functioning and development of the civil aviation industry in an efficient and economical manner with due regard given to the maintenance of standards in the civil aviation industry;
4. Monitor and ensure compliance with the Act and the Chicago Convention and other international civil aviation agreements applicable to Namibia; and
5. Perform its functions in the most efficient and effective manner to ensure the preservation of safety and security of civil aviation in a way that contributes to the aim of achieving an integrated, safe, responsive and sustainable transportation system.

## Our Vision

Our vision is to be recognised as a leader in sustainable aviation safety and security oversight, and air navigation service provisioning.

## Our Mission

Our mission is to enhance, control, regulate and promote sustainable, internationally compliant regulatory oversight and air navigation services, as well as being a responsible employer committed to high performance and organisational excellence.



## Our Values

**INTEGRITY:** We will maintain high ethical standards and approach issues professionally, without bias and in a transparent manner to win the trust of all our stakeholders.

**ACCOUNTABILITY:** We will listen to our customers and ensure our services match stakeholder needs and reasonable expectations. We will be responsive to all stakeholder requests and will strive to exceed their expectations on each and every interaction.

**FAIRNESS:** We will be transparent about the costs which we impose on the industry and keep our safety and security regulations simple and user friendly. We will determine service delivery levels and live by them.

**EXCELLENCE:** We will continually strive to achieve the highest standards. We will benchmark ourselves against international leading best practice.

## NCAA's Operating Functions

In fulfilling its responsibilities, the NCAA endeavours to assure a safe, orderly, regular and efficient civil aviation system. The NCAA also recognises the importance of its stakeholders and the role it has to play in the development of an efficient civil aviation system in Namibia.

Aircraft Accident/Incidence Investigation has been separated from the NCAA to ensure independent investigation and the Chief Aircraft Accident/Incident Investigator reports directly to the Minister of Works and Transport.

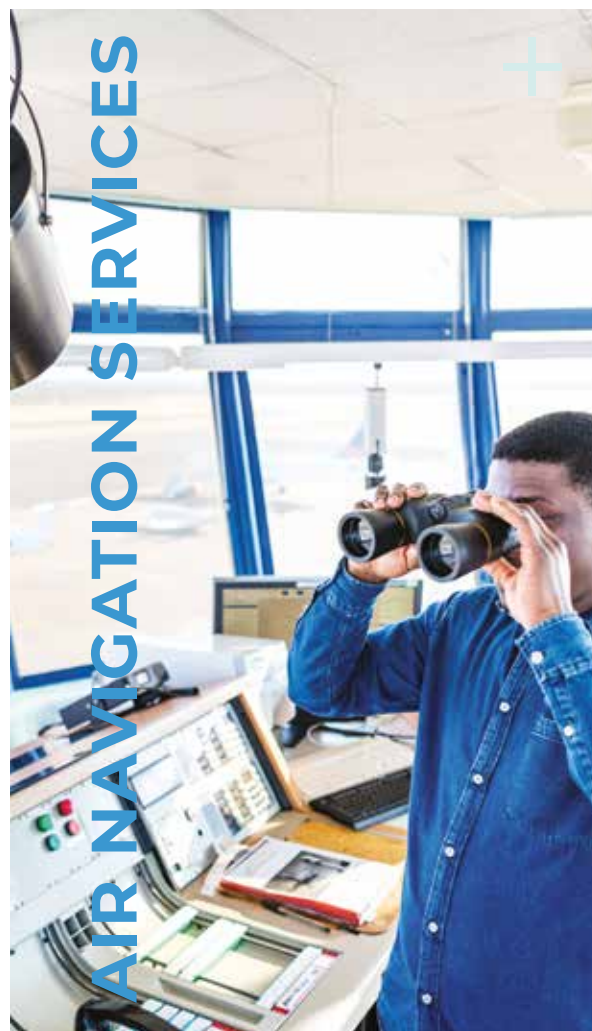
### Flowing from its objectives, the NCAA performs the following functions:



#### Regulatory body:

Aviation Safety Oversight, which include:

- Airworthiness;
- Flight Operations;
- Personnel Licensing;
- Aerodromes;
- Aviation Security; and
- Air Navigation Services Safety Oversight.



#### Provider of Air Navigation Services:

Air Navigation Services, which include:

- Aeronautical Information Services;
- Air Navigation and Technical Services; and
- Air Traffic Control Services.



Whilst ensuring quality service, the NCAA's first priority is aviation safety and security.



In most countries with mature aviation industries, the regulatory functions are separated from the provision of airspace services. However, in Namibia it is not feasible or financially viable to have two separate entities.

To ensure some distance between its regulatory and its service provider responsibilities, the Act provides for the statutory independence of the executive director in some areas, for example in the granting and withdrawal of aviation documents and in enforcement. (See 'Namibian Aviation System' on page 20.)

The authority has discretion as to how it implements the standards and recommended practices of the ICAO Convention annexes, provided it is effective. The Executive Director, therefore, is in effect a 'gatekeeper' to the system.

Namibia has employed a modern concept of 'active regulation' rather than the outmoded 'passive regulation' approach, choosing instead to focus on preventing accidents before they happen.

One of the most important considerations in choosing to establish an independent, financially sustainable Authority outside the Namibia public service was the inability to resource the regulatory oversight functions with qualified and experienced staff.

## Safety and Service Mandate

As Namibia's safety regulator of civil aviation, the NCAA is committed to upholding a safe aviation environment, thereby enabling the sustained development and growth of our aviation industry.

The NCAA's primary mandate is to be responsive, through compliance with the Civil Aviation Act, to Namibia's international, regional and domestic obligations under the Chicago Convention and to deliver safe air navigation services in the Namibian airspace, as well as to implement additional checks and balances to ensure safety and security remain our highest priority.

The NCAA's Business and Financial Plans are fully aligned with Namibia Government policies. It provides concrete support and backing to Vision 2030, National Development Plans, and the Harambee Prosperity Plan.

# BOARD OF DIRECTORS



Kosmas Egumbo

Chairperson | Member: Audit and Risk Committee

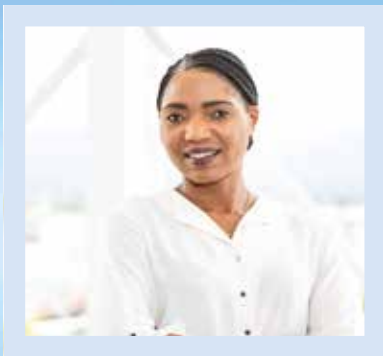
Mr Egumbo is the Group Chief Executive Officer and Executive Director of Old Mutual Life Assurance Company (Namibia) Limited. Prior to this position, he served as Managing Director of Air Namibia. He holds BSc in Electrical Engineering, Diploma in Business Management, and a Leadership and Development Certificate.



Reinhard Gärtner

Deputy Chairperson | Chairperson: Safety, Security, Regulatory and Legal Committee

Mr Gärtner is the CEO of Emergence Growth Namibia. With a BSc and MBA degree to his credit and various aviation-related certificates and ratings, he spent a many years in corporate management before entering the private sector, successfully running his own companies in the aviation and tourism sector.



Matilda Jankie

Position: Board Member | Chairperson: Human Resources Committee

Ms Jankie is an admitted Legal Practitioner of the High Court of Namibia (2004) and a conveyancer. She graduated with B-Juris and LL.B (Hons) at the University of Namibia.



Emma Kantema-Goamas

Position: Board Member | Chairperson: Audit and Risk Committee

Ms Kantema-Goamas is currently the Permanent Secretary of the Ministry of Youth and Sport. Qualified with a MBA, she was previously the Corporate Secretary of the Social Security Commission.

**The Board of Directors guide the NCAA and its management team in the successful fulfilment of their mandate.**

The Board comprises of four non-executive Board Members and the Executive Director, and four alternate members. The Board discharges its fiduciary responsibility directly and through Board Committees according to the provisions of the Act.



Uno Katjipuka-Sibolile

Position: Alternate Board Member | Member: Safety, Security, Regulatory and Legal Committee

Ms Katjipuka-Sibolile (LLB) is an admitted Legal Practitioner of the High Court of Namibia and a partner at Nixon Marcus Public Law Office.



Uanjenua Katjuanjo

Position: Alternate Board Member | Member: Safety, Security, Regulatory and Legal Committee

Ms Katjuanjo is currently the Manager: Operations Control at Standard Bank Namibia. She has a post-graduate qualification in accounting and finance from the University of Cape Town.



Ignasius Thudiyane

Position: Alternate Board Member | Member: Human Resources Committee

Mr Thudiyane is a legal practitioner and is currently the Chief Executive Officer of the Municipality of Gobabis. Previously he was the Manager: Community Affairs at the Municipality of Walvis Bay.



Angeline Simana

Position: Ex officio Board Member | Executive Director: NCAA

Ms Simana holds a MPhil (Transport and Logistics) from the University of Stellenbosch, South Africa, a BEconomics from University of Namibia, and a Diploma in Aviation Management from Singapore Aviation Academy. She started her professional career with the Ministry of Works and Transport as a Transport Economist in 2000, then being promoted to Deputy Director Transportation Policy in 2006 and Director Transportation Policy and Regulation in 2007.

# SECTION 2

# 2017/18 REPORTING YEAR UNDER REVIEW

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## A PERSPECTIVE

To succeed, air transport has to be both efficient and safe. However, given the concept of territorial sovereignty, the question arises: how can aircraft efficiently transit many different legal jurisdictions en route? Furthermore: given that the flight of aircraft is inherently dangerous, how can international air transport achieve an acceptable level of safety?

It is clear that global civil aviation has to operate within accepted international and domestic legal frameworks. In general, there are two types of international law, namely customary law and treaty law. Aviation law is mostly treaty law, meaning states import treaty obligations into their domestic law.





Kosmas Egumbo

# CHAIRPERSON'S REPORT



## Welcome to the NCAA's 2017/18 annual report.

**It gives me great pleasure to welcome you to the Namibia Civil Aviation Authority's first Annual Report, which explains our business and our approach to what we do.**

Following the promulgation of the Namibian Civil Aviation Act, Act No. 6 of 2016, the roles, duties and responsibilities that were performed by the Directorate of Civil Aviation (DCA) of the Ministry of Works and Transport were transferred to the Namibia Civil Aviation Authority (NCAA) which was established to be an autonomous authority as required under Namibia's international law obligations.

The Act came into effect on 1 November 2016 and through that, the NCAA was established. This report covers the initial period from 1 November 2016 to 31 March 2018.

The report serves to provide a perspective on our business, how our business performed in the reporting year measured against our mandate, objectives and key strategic drivers.

Chairperson

## Namibia's aviation legal structure and framework

The legal structure and framework of Namibia's aviation industry is still relatively young and the establishment of an autonomous NCAA served to strengthen and mature the institutional framework. While Namibian technical standards and procedures were in place before the Act came into effect and review thereof was underway, such work was accelerated during the period under review.

## Context of the NCAA

Compliance with global safety and security standards comes with an inherent cost, hence the need to establish the entity on sound and sustainable strategies and practices. Being such a vital and highly regulated industry, the regulator of Namibia's civil aviation has to employ many skilled and competent individuals in order to discharge its duties. Such skilled and competent resources were thus recruited from both local and international pools.

## **“Passion is the key force that drives our success; it determines everything that we think and do.”**

**Kosmas Egumbo,**  
Chairperson: NCAA Board of Directors

In the past, Namibia’s aviation safety and security oversight had to operate under severe resource and skills constraints. The lack of modern primary aviation legislation meant that even where surveillance was conducted, compliance with international standards could not always be achieved.

This was due to a lack of up-to-date supporting regulations and the powers for the safety and security inspectors to properly carry out their tasks. The establishment of NCAA has addressed these constraints and legal gaps and the journey to close them has commenced in earnest.

### **Five-year strategic plan and statement of performance**

NCAA’s board and management team developed a Five-year Strategic Business and Financial Plan as required by law. The plans are fully aligned with Namibian Government policies. It provides substantial support and backing to Vision 2030, the National Development Plans, and the Harambee Prosperity Plan.

NCAA’s plan is supported by a Performance Statement that guides the Authority in the fulfilment of its mandate and legal oversight responsibilities.

More details about the aforementioned are included in this report, including the progress made during the reporting period.

### **Looking ahead**

In the immediate future, the focus will be on finalising the employment of competent persons into the approved positions and embedding a culture of safety, oversight and enforcement. Work has commenced to implement licensing, certification and approvals, to ensure continuous surveillance is done and to resolve safety and security concerns as they arise.

Whilst giving primacy to safety and security, NCAA will apply commercial principles to the management of the Authority to achieve a financially sustainable model. Our customers have historically paid service charges that have not been cost reflective nor kept up-to-date.

Going forward, fees and charges will be cost reflective and user-pay principles will be applied in the determination of fees and charges.

Culture shifts will be embarked upon, as it is anticipated that a significant portion of the employees of the NCAA will be drawn from the former DCA in the Ministry of Works and Transport. We aim to be a high performance institution and to pass the benefit thereof to stakeholders.

Productivity will thus be a key measure through the development of efficient processes and the adoption of appropriate systems and technologies by the NCAA.

Aviation safety and security are fundamental to Namibia’s tourist and trade links, as well as Namibia’s international reputation.

The Board will allocate resources appropriately to enable the NCAA to deliver this mandate for the benefit of all aviation stakeholders.

### **In conclusion**

I want to extend my gratitude and appreciation to the aviation stakeholders for having embraced the changes that have come about following the establishment of the NCAA.

I commend the Shareholder for establishing the NCAA and its guidance and support. To the former and current Honourable Minister of Works and Transport, Hon. Alpheus G. Naruseb and Hon. John Mutorwa respectively, we are grateful for your vision, leadership and guidance.

A special word of thanks is extended also to all the Board members, the Executive Director, the NCAA’s management team and its staff for their passion, perseverance and dedication.

We have embarked on an exciting journey to take Namibia’s aviation industry to the next level and we commit to our stakeholders that we will not rest until we achieve our vision to be an acclaimed leader in sustainable aviation safety and security.

**Kosmas Egumbo**

**Chairperson: NCAA Board of Directors**

**30 September 2018**



Angeline Simana

Executive Officer  
NCAA

# EXECUTIVE DIRECTOR'S REPORT

## Cementing our foundation

**This, our first Annual Report, covering the 17-months period since the establishment of the NCAA on 1 November 2016, is an opportunity to report on how our Board and Management have sought to meet our Shareholder Minister's expectations.**

The NCAA's central role is to ensure the safety of passengers and crew, ground personnel and aircraft in flight. Alongside this central role, we seek to support national economic growth, improved productivity and to operate within a sound and sustainable financial framework, providing value for money for our users and Namibia as a whole.

### At a glance

Today, 25 Aircraft Air Operators (three large-sized and the rest General Aviation) and six Foreign Aircraft Operators (KLM, Qatar, South African Airways, South African Express/AirLink, Ethiopian Airline, Condor Air which is now replaced by EuroWings) fall under our mandate.

A total of 632 aircraft are on the aircraft registry which the NCAA regulates, together with a total of 14 locally-registered Aircraft Maintenance Approval holders and 26 Aircraft Maintenance Organisations.

Air passengers are reaching record levels, with roughly 2 million international, regional and domestic passengers flying into and around Namibia during the review period.

All international air travel partners predict that international air traffic will double in the next 15 years, while the African continent also continues to grow at a rate of six per cent per year, which is, after Asia, the fastest growing air transport market.







## The international operational environment is constantly changing, impacting on Namibia's aviation industry.

While we operate within the framework of clear international conventions, we have to place these rules within the context of in a country with a land-size area of 825,615 square kilometres with only 7,300 overflights and 8,800 international passenger flight arrivals per annum. This is an unenviable background to what the market can bear by way of payments to the NCAA as Namibia's regulator.

At the same time, the international operational environment is constantly changing, impacting on Namibia's aviation industry.

### Establishment of the Legislation Framework

Our progress has been very pleasing with the simultaneous promulgation of the legal framework and establishment of the authority within the Civil Aviation Act No. 6 of 2016. Its promulgation closed a very significant concern raised during successive ICAO Audits with the repeal of the Civil Aviation amended Act of 1998.

Our Effective Implementation (EI) score currently stands at 60.57 per cent, since the International Consolidated Verification Mission (ICVM) carried out back in 2014 has been maintained during the period under review. (See Section 3.)

The new and comprehensive Namibian Civil Aviation Regulations of 2017 have now addressed the key areas that have held us back to date.

The creation of a legal unit within the then DCA and appointment of two nationals working alongside and ICAO Air Law Expert has also enabled us to

anticipate the changes that will come with the newly introduced Standards and Recommended Practices. This has helped to reduce the workload on the Legal Drafters within the Ministry of Justice.

Industry can be assured that the next set of Namibian Civil Aviation Regulations will adequately cover all the Annexes of the Chicago Convention, and be tailored to Namibia's specific needs.

The improved staffing and recruitment autonomy that we have reached has enabled the NCAA to strike a healthy balanced approach to oversight than was previously the case.

### Risk-based Performance Approach

While air transport is considered the safest of all forms of transport, threat levels to air safety from many unlawful sources are constantly growing in volume and complexity.

The airline industry is highly competitive, particularly in relation to cutting costs; an unsatisfactory spin-off is the increasing mental health challenges reported across the value chain of this industry after they caused lost of lives and destruction of the environment.

At a local level, the customer satisfaction survey we carried out between last and this year highlighted a number of areas where we need to improve our service and offer our customers what they rightly expect.

All this places an increasing demand on the NCAA to adopt even better risk-based management performance approaches to anticipate threats to safety.

To meet these challenges, we have adopted a risk-based performance approach in surveillance.

This means using smart approaches in terms of when and how far we go to ensure resources are adequately provided and matched with the skill and competencies required to provide services for aircraft registered in Namibia wherever they operate, and to only carry out ramp inspections on Foreign Operators in Namibia.

This is a clear break from the past and a cost effective approach to doing business differently.

### Training of Namibians a major focus area



## Investing in Facilities and Oversight Capability

Oversight activities remain the key activity. This requires a continuous need to invest in the initial and recurring training of our inspector and/or operational staff.


Without this investment it would be impossible to render a service to the industry and to enforce compliance with regulatory requirements from all participants in the civil aviation system.

Thanks to the Government's unwavering support since 2009 (when the DCA was still part of the public service sector) we have been building a critical mass of the expanded range of inspector capability and the ratio or ideal number of inspectors for the size of our regulatory environment.

It has been a slow and painstaking process but it enabled us to increase the range and scope of the NCAA's

oversight capability from a limited number of only two safety inspectors to almost 25.

Moreover, we have expanded beyond the basic Flight Operations and Airworthiness inspector domains by widening the specialist disciplines to include others, such as Aerodromes and Ground Aids, Air Traffic Navigational Oversight, Personnel Licensing and Cabin Safety inspector disciplines.

A photograph showing a pilot in a white uniform sitting in the cockpit of a small aircraft. The pilot is looking down at a device in his hands. The cockpit is modern with various instruments and controls. The aircraft is white with blue accents. The background shows an airport terminal or hangar.

The NCAA increased its range and scope of oversight capability from only two safety inspectors to almost 25.

**The journey from the former Directorate within the Ministry of Works and Transport to an autonomous public enterprise has improved our scope of oversight capability and has increased the demand on our services.**



We are still behind in terms of the ideal inspector ratio, but our range of oversight activities have improved and have moved slowly from a largely self-regulating industry to a situation where local operators have access to the safety advisory services that every civil aviation authority should be capable of giving to the public and participants in the aviation system.

The journey from the former DCA within the Ministry of Works and Transport to an autonomous public enterprise has improved our scope of oversight capability and has increased the demand on our services.

This capability becomes particularly important where public facilities and infrastructure have reached limits where we as a regulator have to render advice to ensure a safe operation without assuming the Operators responsibility.

Thus, we have provided the professional services of our ICAO Project's highly experienced Air Navigation Safety Expert to assist the Namibia Airports Company (NAC) with the establishment of the Airport Runway Management Teams, to manage the safety risk associated with operations within the airport.

While this is an activity of the NAC, we had to be proactive as many inspections and follow-up inspections confirmed

it is clear that the operator's risk assessments had limitations due to the lack of a critical mass of operational staff to address new and emerging risks.

## Financial Performance

Historically the aviation industry has been heavily subsidised by Government, a situation reflected in the net result and is set to change with the introduction and amendment of fees and charges. The NCAA is not an entity for gain; it, however, employs a user-pay principle to all fees and charges. The objective is to be financially sustainable, whilst controlling costs to the benefit of all stakeholders.

With the financial assistance of the Government, the NCAA has spent N\$167 million on development projects in support of the aviation industry since its establishment. These projects included systems, equipment and property, including the completion of the NCAA's new head office building.

Ownership of the necessary infrastructure and other assets are soon to be transferred from the Ministry of Works and Transport to the NCAA. These assets include technical equipment, property, furniture, vehicles and other equipment.



**N\$246  
MILLION**

**Invested in  
NCAA**

To date, the Government invested N\$246 million into the establishment of the NCAA.



**N\$95  
MILLION**

**Revenue  
generated**

The NCAA generated N\$95 million in revenue during the reporting period and incurred a net loss of N\$112 million.



**N\$147  
MILLION**

**Total assets  
employed**

The NCAA employed N\$147 million total assets and reported N\$134 million net equity.



## Increasing NCAA's Resource Envelope

Namibia is an increasingly important player on the north-south and south-north bound ICAO Route and is one of the few Member States that has invested heavily in radar technology and Government-subsidised commercial operations.

With its establishment, the NCAA inherited state-of-the-art infrastructure from the Ministry of Works and Transport, but it has reached a level where the cost of periodic maintenance has now to be equitably allocated between the private and the public users to ensure it continues to serve the purpose and promote flight safety.

We are therefore pleased that industry consultations conducted late last year and this year have hugely paid off with industry stakeholders, namely the International Air Traffic Authority (IATA), the Airline Association of Southern Africa (AASA) and the Aircraft Operators and Pilots Association (AOPA), accepting the proposed increases in the air navigation charges and levies that modestly improve the NCAA's resource envelope.

The process of consultative meetings with internal stakeholders that culminated in the gazetting of the Air Navigation Services (ANS) levies and charges have been equally a learning curve for us.

We hope to be more proactive and encourage investment in the inter-ministerial key personnel of our line-ministries (Ministry of Finance, Ministry of Justice and the Department of Transport: Transportation Policy and Regulation's Directorate) as a continuous process to collectively harness the effective process of rule-making, implementation and service delivery.

Being the first financial reporting period of the NCAA, covering a period of 17 months, much was required in terms of funding for the establishment of an entity capable of meeting its statutory obligations. A significant portion of this included the secondment and funding of staff during this period.

### In conclusion

In summary, I believe that the NCAA has addressed the mandate that it was given 17 months ago with vigour, wisdom and enthusiasm.

I want to publicly thank the Board for the leadership that it has offered, and my team for their energy, skill and commitment. There is still a lot to be done, but it is clear that together we can make Namibian airspace as safe as the standards our international partners, the Government as well as the Namibian people require of us.

**Angeline Simana**  
**Executive Director**  
**30 September 2018**

# NAMIBIA'S AVIATION SYSTEM

## INTERESTING FACTS ABOUT THE AVIATION SYSTEM

### Active Pilots

ATPL 131  
CPL 250  
PPL 390



### Aircraft Maintenance Engineers

127  
Active AMEs

\*\*117 Men 10 Female



### Air traffic Controllers

37 Civilian  
8 Military



### Aircraft Maintenance

14 Local  
26 Foreign



### Aerodromes

3 Licensed  
63 registered  
180 Active Air Fields



### Aircraft Operators

25 Local AOC  
6 Foreign OP



### Aviation-Related Economics Statistics



#### Registered Aircraft

206



Microlight

73



Rotorcraft

25



Large Aeroplane  
>5700kgs



328



Small Aeroplane  
<5700kgs

21 New Aircraft Registrations

Total Cost value: 300 million


Total Revenue Earned: 45 million

# AVIATION INDUSTRY HIGHLIGHTS

## AVIATION INDUSTRY FACTS AND FIGURES: 2016-2018

### PASSENGER VOLUMES

**718,756** Domestic passenger arrivals at NAC managed airports serving civil aircrafts

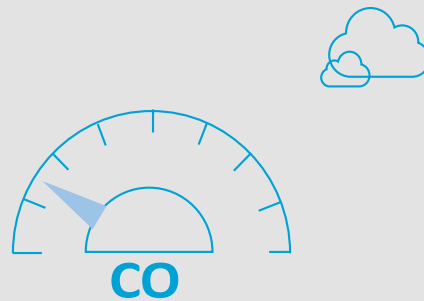


**802,198** Regional passenger arrivals at NAC managed airports serving civil aircrafts

**577,060** International passenger arrivals at NAC managed airports serving civil aircrafts



**2 million** Kgs per annum less of CO<sub>2</sub> emitted into the atmosphere as a result of reduced fuel burn



### SCREENING AND SEARCHES



**3 million** international and domestic passengers screened



**1** Certified K9 Explosives Detector

### APPLICATION/CERTIFICATION/LICENSING STATISTICS

**9** Holders of Approved Aviation Security:

- \*Aircraft Operator
- \*Ground-handling Agency
- \*Aviation Approved Training



**109** 19 Audits  
73 Inspections  
3 Surveys  
1 Investigation  
13 System Tests

The background of the page is a photograph of a sky at sunset or sunrise. The sun is low on the horizon, creating a bright, golden glow that filters through dark, heavy clouds. A small silhouette of an airplane is visible in the center of the frame, flying across the sky. The overall mood is dramatic and atmospheric.

# SECTION 3

# SAFETY AND SECURITY REGULATORY RESPONSIBILITY

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## Background to NCAA's oversight responsibilities

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Air transport fuels an industry that directly and indirectly supports the employment of at least 56.6 million people across the globe, contributes over US\$2 trillion to global gross domestic product (GDP), carries over 2.5 billion passengers and moves high value and time sensitive cargo worth US\$5.3 trillion annually.

To succeed, an air transport system has to be both efficient and safe. However, given the concept of territorial sovereignty, the question arises: how can aircraft efficiently transit many different legal jurisdictions en route? Furthermore, given that the flight of aircraft is inherently dangerous, how can international air transport achieve an acceptable level of safety?

## Background on aviation legal frameworks

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It is clear that global civil aviation has to operate within accepted international and domestic legal frameworks. In general, there are two types of international law, namely customary law and treaty law. Aviation law is mostly treaty law, meaning states import treaty obligations into their domestic law.

After World War 2, the United Nations foresaw a new era of mass international air transportation based on large jets, which led to the establishment of the International Civil Aviation Organization (ICAO).

As a specialised agency, ICAO was created in 1944 in Chicago, which became known as the Chicago Convention on Civil Aviation, to promote the safe and orderly development of international civil aviation throughout the world.



## ICAO the primary forum for global aviation safety and security oversight

As such, ICAO is the primary forum for co-operation in all fields of civil aviation among its 192 Member States. Its most fundamental strategic objective is improving the safety of the global air transport system.

To facilitate harmonised regulations in aviation safety, security, efficiency and environmental protection on a global basis, ICAO promulgates Standards and Recommended Practices (SARPs). In addition, the organisation works constantly to address and enhance global aviation safety through coordinated activities and targets outlined in its Global Aviation Safety Plan (GASeP).

Understandably, Member States operate in different risk environments. ICAO therefore uses established risk management principles as guidance to monitor GASP initiatives. These risk management principles form the core component of contemporary State Safety Programmes (SSP) and Safety Management Systems (SMS). In all of its coordinated safety activities, ICAO strives to achieve a balance between assessed risk and the requirements of practical, achievable and effective risk mitigation strategies.

ICAO requires every Member State (also called ‘contracting state’) to have an appropriate authority as the primary

focal point of connection between ICAO and the state. Such an authority should have an acceptable degree of independence from governments to ensure it cannot be distracted from its regulatory/safety oversight function by local politics.

The Aviation Act of 1962 was in effect long before Namibia’s independence, but it was more than half-a-century old, and inherited from South Africa. A legal void had been created by the removal of South African technical standards at the time of Namibia’s independence in 1990.

The Directorate of Civil Aviation of the Ministry of Works and Transport was created to fulfil aviation services to the industry. Civil Aviation Regulations and Civil Aviation Technical Standards (abbreviated as NAMCARS and NAMCATS) were in place since March 2001, but the companion technical standards and procedures required to undertake the regulatory task are incomplete or missing. There are also some differences between ICAO SARPS (Standards and Recommended Practices) and the NAMCARS which have not been officially notified to ICAO.

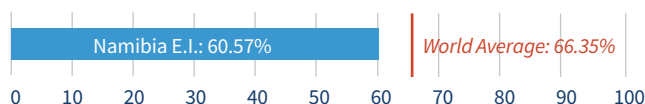
**With the promulgation of the Civil Aviation Authority Act in 2016, the conversion of the DCA to the NCAA took place in accordance with ICAO’s requirement. The new Act came into effect on 1 November 2016.**

ICAO requires Member States to establish their oversight functions in accordance with eight critical elements: Legislation (CE1); Regulations (CE2); Organisation (CE3); Technical Staff Qualifications/Training (CE4); Technical

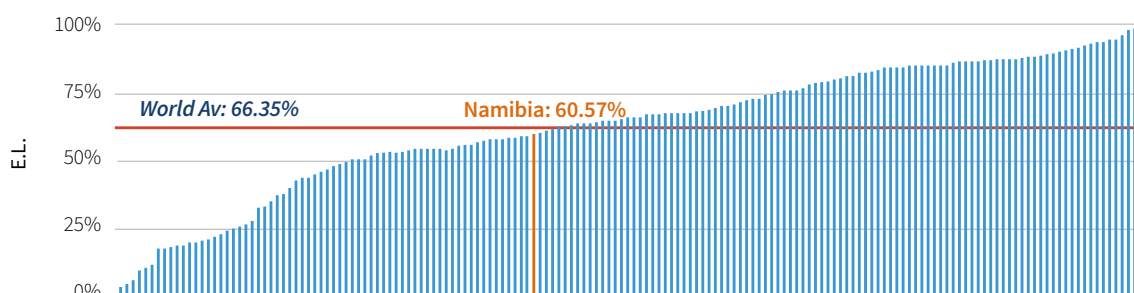
## Current score as per 2016 ICAO Audit Activities

### Overall Effective Implementation (E.I.) score

#### Namibia versus World



#### Overall E.I. by Member States



Guidance (CE5); Licensing (CE6); Continuous Surveillance (CE7); and Resolution of Safety Concerns (CE8).

An ICAO audit was done in 2006, with Namibia scoring 60 per cent. An ICAO Coordinated Validation Mission (ICVM) follow-up audit was done in July 2014. NCAA has inherited different degrees of achievement in relation to these critical elements.

At the 2014 IVSM audit, Namibia achieved an overall Effective Implementation (EI) score of 59 per cent. This average, however, disguises the very poor level of achievement in CE4, CE7 and CE8. However, it was below the targets of 70 per cent for 2015, and 100 per cent for 2017. It is also below the global average of 64.7 per cent, as at 31 May 2017, as illustrated by the tables below.

More recent assessments of the current profile indicate that CE3 is also lagging well behind schedule, with the

need to review regulations as a result of the enactment of the new primary legislation.

It should be noted that the 2014 Audit did not assess the air navigation services and security functions. Namibia's EI score will improve due to the establishment of the autonomous NCAA, because it addresses the areas mentioned above.

## Maintaining our international credibility

ICAO will conduct the next Safety Audit in Namibia In November 2018, while the next Universal Safety Oversight Audit Programme (USOAP) is scheduled for March/April 2020. We are aiming at improving the USOAP Effective Implementation score compared with SADC and rest of the world.

### Namibia's Effective Implementation score (2016 ICAO audit), compared with SADC and the world, for SAFETY

| Critical Elements              | CE-1                         | CE-2                           | CE-3   | CE-4  | CE-5   | CE-6  | CE-7                     | CE-8                          | E.I. SCORE     |
|--------------------------------|------------------------------|--------------------------------|--|---|--|---|--------------------------|-------------------------------|----------------|
|                                | Primary aviation legislation | Specific operating regulations | State civil aviation system and safety oversight functions | Technical personnel qualifications and training | Technical guidance, tools and provision of safety & critical information | Licensing, certification, authorisation and/or approval obligations | Surveillance obligations | Resolution of safety concerns |                |
| <b>Namibia's current score</b> | 78.79%                       | 71.29%                         | 54.67%   | 45.71%  | 76.42%   | 60.91%  | 42.11%                   | 42.22%                        | Average 59.01% |
| <b>SADC average score</b>      | 69.36%                       | 66.43%                         | 54.61%   | 48.16%  | 58.70%   | 55.11%  | 39.57%                   | 29.38%                        | Average 52.66% |
| <b>Global average score</b>    | 75.00%                       | 72.75%                         | 68.54%   | 56.38%  | 68.60%   | 69.51%  | 58.27%                   | 52.61%                        | Average 65.20% |

### Namibia's Effective Implementation score (2010 ICAO audit), compared with SADC and the world (2017 audit), for SECURITY

| Audit Areas                                  | 1                                     | 2  | 3  | 4                                  | 5   | 6                                    | 7                           | 8                                | E.I. SCORE     |
|--|---------------------------------------|--|--|------------------------------------|---|--------------------------------------|-----------------------------|----------------------------------|----------------|
|  | Primary aviation security legislation | Aviation security programmes regulations | State appropriate authority for aviation & security responsibilities | Personnel qualification & training | Provision of technical guidance & security critical information | Certification & approval obligations | Quality Control obligations | Resolutions of security concerns |                |
| <b>Namibia's current score</b>               | 33.33%                                | 41.98%                                   | 40.74%   | 50.00%                             | 56.00%  | 69.57%                               | 73.68%                      | 100.00%                          | Average 58.16% |
| <b>AFI Region average score (2017 audit)</b> | 81.09%                                | 75.17%                                   | 76.45%   | 52.33%                             | 49.08%  | 45.10%                               | 36.34%                      | 47.68%                           | Average 58.11% |
| <b>Global average score (2017 audit)</b>     | 88.14%                                | 82.99%                                   | 87.07%   | 70.49%                             | 68.51%  | 64.45%                               | 56.31%                      | 63.00%                           | Average 72.62% |

Note: Namibia's score above refers to the audit results in terms of Critical Elements audited in 2010, whilst the AFI Region and global performance refers to audits done in 2017 under the USOAP CMA II Cycle. However, Namibia's score is currently 65% in terms of the nine Audit Areas following the Eastern and Southern African Regions' Regional Office Assistant Mission conducted from 14 to 18 May 2018. The next ICAO USOAP activity is scheduled for November 2018.

# REVIEW OF NCAA'S SAFETY SURVEILLANCE AND AUDITING ACTIVITIES

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## OBLIGATIONS UNDER CHICAGO CONVENTION

As a signatory to the Chicago Convention, Namibia assumed major obligations and responsibilities with respect to safety oversight on 30 May 1991, after ratifying the Convention on 30 April 1991. In terms of Article 12 of the Chicago Convention, the State of Namibia is responsible for safety oversight over the whole spectrum of civil aircraft operation in Namibia and Namibian registered aircraft operating in other Member States.

Some of the general obligations include ensuring that provisions for transient general aviation and commercial air transport operations such as adequate aerodromes, navigation aids, charting and instrument approach minima, weather reporting, air traffic services, search and

rescue, aviation security, as well as timely correction of safety deficiencies with respect to these obligations.

A balanced safety oversight system is one in which both the State and the aviation community share responsibility for the safe, regular and efficient conduct of civil aviation activities.

**In this section, we report on the impact the NCAA has made during the reporting period by reflecting on three key performance areas, namely competencies to the issuing of licences; certification and approvals of all participants – new and existing – in the aviation industry; and our resourcefulness to ensure continuous surveillance.**



On a daily basis, the NCAA receives operators and licence-holders for advisory services and persons who want to establish the correct measures of compliance.



These interactions continue to demonstrate our responsiveness and resourcefulness to ensure that deficiencies identified during surveillance activities and/or during initial licensing or certification in relation to the eight Critical Elements have been effective.

The NCAA has made good progress and we continue to play an important role in the health of the Namibian aviation system. We also carry out these surveillance activities to promote compliance with safety regulations and to enable the industry to maintain frequent contact with their assigned Inspectors.

# NCAA

**We continue  
to play an  
important role  
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the Namibian  
aviation system.**

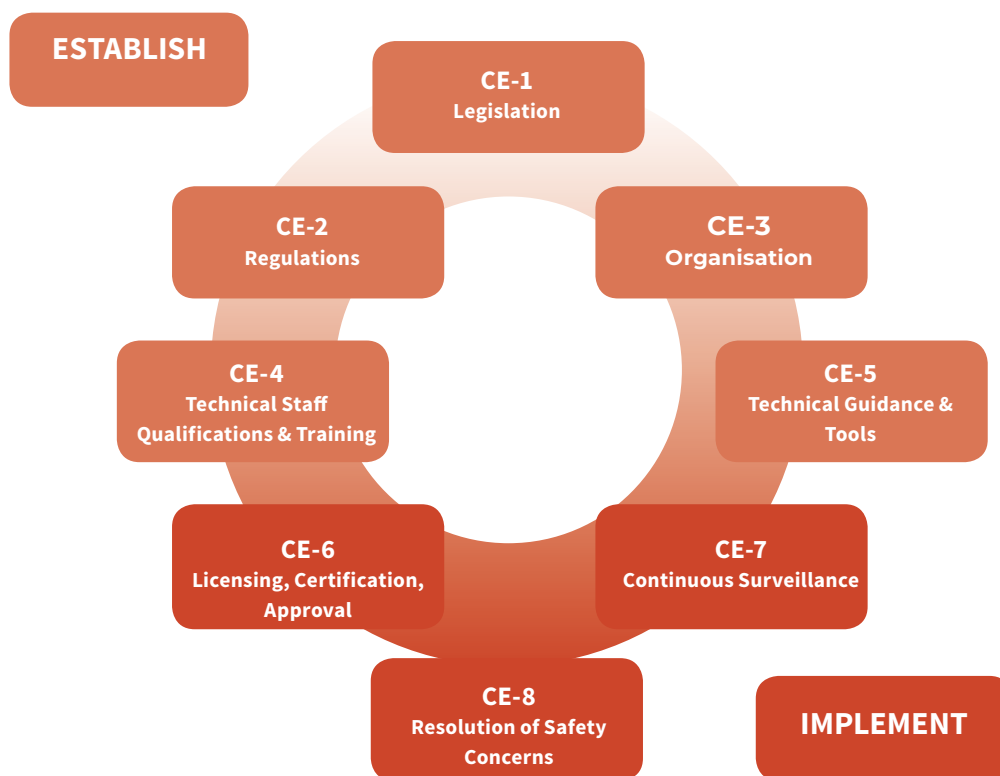
# ESTABLISHING THE REGULATORY BODY

The first five Critical Elements (CE) illustrated in the figure below are critical outputs ICAO uses as a tool to assess Namibia’s capability to provide appropriate safety and security oversight, through the effective implementation of the CEs of an effective Safety and Security Oversight System.

**Without having firmly established the first five CEs, it is impossible for a Member State to guarantee safe commercial air transport operations equal to, or better than, those defined in the ICAO Standard and Recommended Practices (SARPs).**

The first five Critical Elements relating to the establishment of the safety oversight system constitute the foundation of the rest of the Critical Elements that relate to the implementation of the safety oversight system.

States are expected to establish and implement effective mechanism to ensure that safety oversight activities, training and the ability to attract skill-sets and competent qualified technical personnel are sufficiently catered for.



*Eight Critical Elements – A State Safety Oversight System*

# DISCHARGING OUR SURVEILLANCE RESPONSIBILITIES

Although complementary to the Safety oversight responsibilities, Aviation Security is addressed separately due to its independent audit processes.

The Safety Oversight function is audited under ICAO's Universal Safety Oversight Audit Programme (USOAP,) whilst the Security Oversight function is audited separately under the Universal Security Audit Programme (USAP).



## PERSONNEL LICENSING

The need to have proper authorisation to carry out certain functions in aviation has been an accepted principle since the early days of aviation. The first pilot licence was issued on January 1909, and the first international licensing standards were published ten years later in 1919.

Today, the action of licensing personnel is prescribed in Annex 1 – Personnel Licensing to the Chicago Convention. A licence is the means by which a State authorises a licence holder to perform specific activities, which unless performed properly, could jeopardise the safety of aviation. The licence provides evidence that the issuing State is satisfied that the holder has demonstrated an internationally acceptable degree of competency.

The Personnel Licensing (PEL) division is responsible to implement Annex 1 provisions within Namibia. The division issues licences, validates and converts foreign licences issued by appropriate authorities, revalidates and renews aircraft and/or other special ratings such as instrument ratings, night ratings and instructor ratings.

It also designates and oversees examiners for all types of licences, such as pilots, cabin crew, air traffic service and aircraft maintenance engineers. In addition, it designates examiners to test for English language proficiency and aeromedical examiners for carrying out aviation medical examinations. Part of its scope is the certification and surveillance of aviation training organisations to ensure that they meet regulatory requirements and carries out safe training and standardised training.

In personnel licensing certification, surveillance and investigation activities are mainly focussed on aviation training organisations.

The issuance of a licence under Annex 1 – Personnel Licensing is connected to all the 18 Annexes and covers all the technical and operational aspects of international civil aviation to ensure that Member States provide a healthy and conducive environment for aircraft to operate safely.

ICAO requires that a Member State's civil aviation authority is provided with a sufficient pool of qualified and experienced technical and administrative staff, taking into account aspects such as the size of the aviation industry, the scope and complexity of the industry, geographical coverage required and ability to implement a functional safety oversight system, among others.

The table below summarises the required ratio of Inspectors for Namibia's aviation industry, as well as progress made in the number of qualified Inspectors available to execute NCAA's regulatory responsibilities.

### Regulation of Aviation Personnel: Validations and Conversions of Flight Crew, Aircraft Maintenance, Air Traffic Controllers

A central part of the daily activities within the PEL Inspectorate is the issuance and renewing of licences or ratings on the basis of a skill and competencies test and examinations conducted by Designated Examiners.

The PEL office has serious staff shortages, as indicated in the table below. We require at least nine Inspectors, but have only four employed full-time.

Therefore, the NCAA depends on the aviation industry at large: a number of operational personnel employed by air operators (i.e. flying crew, pilots, cabin crew, maintenance engineers) and Aircraft Maintenance Organisation and Air Navigation Service Providers, so authorised, carry out delegated functions on behalf of NCAA.

In addition, Air Traffic Personnel from the Air Navigation Services Provider also exercise delegations as authorised officers.

#### Ratio and Growth of Inspectors

| Division   | Required Inspectors | 2007     | 2009      | 2011      | 2012      | 2014      | 2015      | 2016      | 2017      |
|--|---------------------|----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Personnel Licensing (PEL)                        | 9                   | 0        | 1         | 1         | 2         | 2         | 3         | 4         | 4         |
| Airworthiness (AIR)                              | 14                  | 1        | 4         | 5         | 5         | 8         | 8         | 9         | 9         |
| Flight Operations (OPS)                          | 11                  | 1        | 3         | 3         | 3         | 5         | 5         | 4         | 4         |
| Aerodromes & Ground Aids (AGA)                   | 9                   | 0        | 0         | 0         | 4         | 4         | 4         | 6         | 7         |
| Air Navigation Services Safety Oversight (ANSSO) | 8                   | 0        | 0         | 0         | 0         | 3         | 4         | 5         | 5         |
| Aviation Security (AVSEC)                        | 7                   | 0        | 4         | 4         | 4         | 4         | 4         | 4         | 4         |
| <b>TOTAL</b>                                     | <b>58</b>           | <b>2</b> | <b>12</b> | <b>12</b> | <b>18</b> | <b>21</b> | <b>22</b> | <b>32</b> | <b>33</b> |

#### Notes

Four of the nine AIR Inspectors are new inspectors undergoing their initial training; three are 'journeying inspectors' who must still meet the five-year working experience required by ICAO, of which they already completed three years.

ANSSO is a newly established division in response to a long-standing weakness where the Air Navigation Service Provider was self-regulating.

The recent addition of a Cabin Crew Inspector under the Inspector Flight Operations brings the total of Inspectors to four. Although not yet near to the ideal ratio of 11 Inspectors, this is a positive start, also addressing a long-standing weakness that allowed Operators to self-regulate this aspect of NCAA's oversight responsibilities.

PEL also validates and or converts foreign licences issued by appropriate authorities, considers and approves credit for military service for all aircraft types registered on our Civil Aircraft Registry. Other tasks executed by PEL division include, among others, the following:

- **Oversee and administer the examination tasks:** The examination tasks are complex and require a high level of experience and expertise in the various areas of licensing. Executing the task also requires the highest degree of technical and ethical integrity, as well as good judgement.
- **Licensing tasks:** The routine tasks associated with the physical issuance and maintenance of personnel licences.
- **Training tasks:** The activities related to the certification, approval and surveillance of training organisations and training programmes, as well as NCAA staff initial and ongoing training delivery.
- **Regulatory tasks:** The development and maintenance of the regulatory support of personnel licensing including drafting and amending regulations, enforcing laws and regulations, and developing procedures.
- **Administrative tasks:** This includes maintaining of records, a list of designated examiners, the library and currency of all regulatory material and PEL documents in use by staff handling routine correspondence; supply of equipment and facilities to the PEL office; and drafting and promulgation of examination schedules and processing of licence applications.



### Delegation to externally appointed designated personnel



The PEL Inspectorate also coordinates and supports a range of activities carried out by authorised officers (designated examiners, authorised inspectors of the Air Traffic Services Inspectorate), Designated Examiners, Aeromedical Examiners and Medical Assessors) for reasons mentioned.

We have engaged an ICAO Project Medical Assessor externally until such time that the NCAA is able to recruit a permanent resource to oversee the nine approved Aeromedical Designated Examiners on our behalf.

During the reporting period, we sadly lost three examiners who contributed immensely to aviation medicine. However, we have been able to add four Aeromedical Examiners to our resource pool.

All the Aeromedical Examiners are currently approved, but at varying phases of their participation in the aviation system of registration, auditing and certification.

The Medical Assessor spectrum of activities include carrying oversight over the activities of the nine approved Aeromedical Examiners, evaluating the medical reports submitted to the PEL Division, ensuring the well-functioning and development of our Aeromedical System and serving as our industry liaison with ICAO.

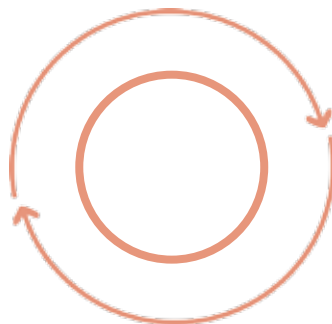
The diagramme below illustrate the different levels of maturity of the Designated Aeromedical Examiners.

An important duty of the Medical Assessor is the safeguarding of medical confidentiality. The Medical Assessor inherited a fairly-decently developed system, but one that requires modification. This process has been ongoing since he started his engagement in June 2017 and is currently in the final phases of the planned overhaul. The scope of the Medical Assessor also includes conducting refresher training of Aeromedical Examiners.



Another category of external expertise the NCAA taps into and depends on for the PEL function is the appointment of Designated Examiners as Authorised Officers that carries out practical skills tests for the licence holders and designated aviation medical examiners that performs medical fitness examinations as required under part 67 of Namibian Civil Aviation Regulations.

There are approximately 1,000 active pilots, approximately 150 cabin crew, 124 AME and 51 ATC Licences.



*New Aeromedical Examiners entrants (outer circle) with different levels of maturity, before being ready to registered as qualified Aeromedical Examiners (inner circle)*

# FLIGHT OPERATIONS



The Flight Operations division is responsible to ensure the implementation of the SARPs of Annexes 2, 6 and 19. It certifies air operators who apply to carry out air services within Namibia and after certification, carry out surveillance to ensure that these Air Operator Certificate Holders maintain the regulatory requirements and safe operations covered by their certificates.

The division approves all special operations such as RVSM, Cat II and III operations and special flight approvals, including carriage of Dangerous Goods by Air.

In addition, it is responsible for approval of RPAS operations within Namibia.

The International Commercial Air Transport Standards and Recommended Practices for the Operation of Aircraft were first adopted by the ICAO Council on 10 December 1948.

The essence of Annex 6 to the Convention on International Civil Aviation is that the operation of aircraft engaged in international air transport must be as standardised as possible to ensure the highest levels of safety and efficiency.

The obligations of the State of the Operator include the following:

- ensure the adequacy of the air operators ability to provide safe and efficient operation;

- ensure the air operator's ability to conduct operations with respect to the original certification criteria on a continuing basis; and
- take timely and necessary actions to resolve safety issues that are found with respect to the maintenance of aircraft, flight operations and other air operator responsibilities, including the actions of the operator's personnel.

The NCAA is the pivotal body tasked with providing a framework of positive control and guidance with respect to the certification and surveillance of air operations in Namibia.

As a State party to the Convention, Namibia is committed to ensure compliance with international safety standards — and compliance is compulsory.



| Forum Operators Permits (FOP) – Scheduled Airlines | Renewed FOP | Initial FOP Issue | Total issued | Remote Pilot Aircrafts | Commercial | Private | Total issued |
|--|-------------|-------------------|--------------|------------------------|------------|---------|--------------|
| 01/11/2016- 31/03/2017                             | 09          | 0                 | 09           | Nov–Dec 2017           | 19         | 31      | 60           |
| 01/04/2017- 01/03/2018                             | 09          | 01                | 10           | Jan – Mar 2018         | 02         | 50      | 52           |

In recognition of this obligation, Namibia enacted the Civil Aviation Act to ensure that the necessary mechanisms for the State are in place to achieve compliance with international standards.

These standards bind all countries in the world, and the Shareholder Minister responsible for civil aviation is directly charged with this responsibility on behalf of the State of Namibia.

The Act, similar to modern aviation legislation in other countries, adopts a philosophy of ‘active regulation’.

This means that key personnel in aviation stakeholders such as airports and airlines must be approved by the NCAA’s Executive Director in terms of section 68 and 69 of the Act and therefore must first pass a ‘fit and proper person’ test before they can be appointed by the relevant stakeholder.

Every accountable person (or nominated as the accountable person) must undergo and pass such a ‘fit and proper person’ (FPP) test. This FPP test is a critical means by which the Executive Director can be assured that the key person actually understand the importance of establishing and maintaining a safety culture in the relevant organisation.

Therefore, if the organisation does not present a CEO candidate willing and able to pass an FPP test, that organisation cannot continue with its operations on behalf of the State of Namibia.

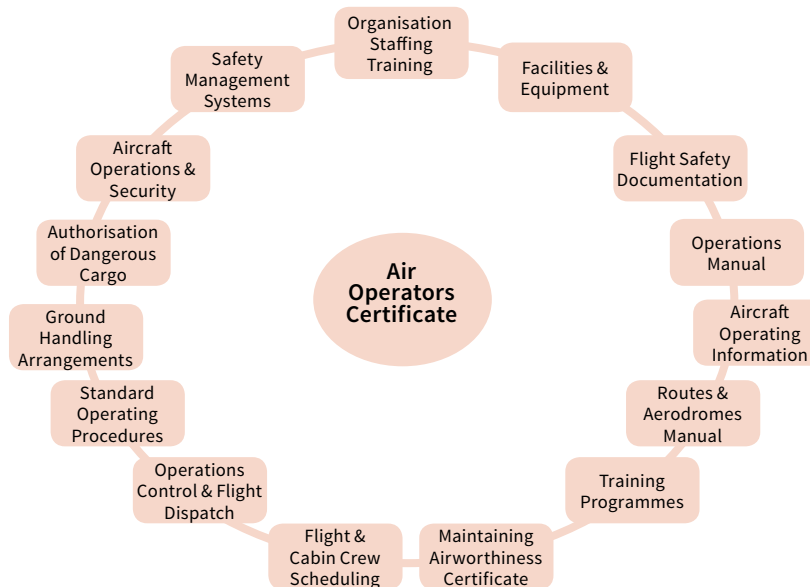
This is not a matter of discretion or an option by the regulator that can be put off or ignored. Any refusal in civil aviation terms means that the relevant organisation does not understand the legislation under which it must function in its role as a participant in the aviation system.

The Flight Operations Inspectorate is a major component of the NCAA establishment.

The essential functions of the Flight Operations Inspectorate include the following:

- drafting and amending of rules relating to aircraft operations;
- certification and approval of initial applications of air operators and the issuance of an Air Operator Certificate;
- continued inspections and surveillance of certificated air operators; and
- approval, designation and supervision of individuals or organisations delegated to perform specific tasks on its behalf.

To illustrate the complexity of licensing and competencies required with a regulatory environment, the figure below depicts the services associated with the issuance of an Air Operators Certificate.



Full range of technical services within an airline environment associated with the issuance of an Air Operators Certificate to be complemented by the competencies within a regulatory environment.



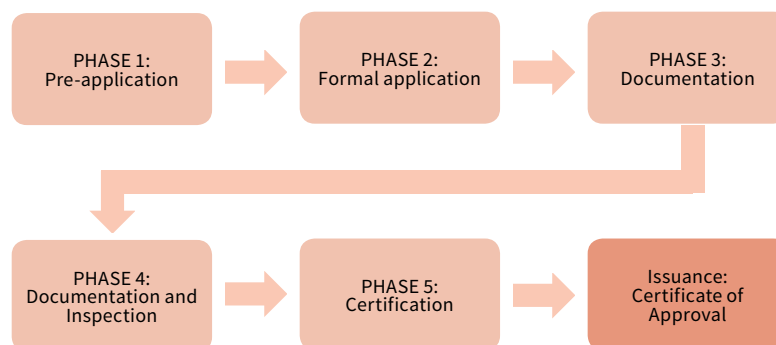
### Five-Phase Certification/ Re-certification Process

The five-phase certification process is applied indiscriminately to all operators (such as air carriers, nationally and/or foreign based aircraft maintenance organisations, airport operators, among others), including the 'fit and proper' test (FPP) of their key personnel.

A total of 23 Air Operator Certificates (AOC) holders, 17 Foreign Operators and the large complex general aviation and operations system, are covered under the annual activities of this inspectorate.

Issuance of an Air Operators Certificate or validation by a Contracting State requires that the operator demonstrates adequate organisation, method of control and supervision of flight operations, training programmes, as well as ground handling, maintenance management and maintenance arrangements, consistent with the nature and extent of the operations specified. The process is best explained in the process flow above and applied to all the safety areas.

#### Five-Phased Certification/Re-certification Process



# AIRWORTHINESS

## Airworthiness of aircraft is considered a key element in the safety of civil aviation.

In order to fulfil the airworthiness oversight responsibilities, it is vital that the State establish an effective airworthiness system. Airworthiness is responsible to ensure provisions for Annexes 2, 7, 8, 16 and 19 are implemented within Namibia.

### The essential functions of the airworthiness division includes:

- drafting and amending of rules relating to the airworthiness of aircraft;
- certification and approval of initial applicants for air operators (airworthiness aspects);
- continued inspection and surveillance of certified air operators (airworthiness aspects);
- issuance, renewal and continuing validation of the certificate of airworthiness;
- approval of modifications and mandatory inspection;
- approval and continuing inspection of approved maintenance organisations;
- approval and continuing inspection of the maintenance aspects of an AOC; and
- monitoring and control of mandatory continuing airworthiness information.

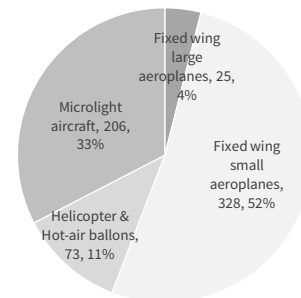
As a State of Registry, Namibia inured oversight responsibilities for the 632 aircraft entered into its civil registry from States of Design for the type acceptance and continuous airworthiness of these aircraft. The activities of Airworthiness division also spans from issuance of Certificate of Registration, Certificate of Airworthiness and surveillance of the activities of Approved Maintenance and Design Organisations, as depicted below.



During the reporting year, the Inspectorate spends a great deal of its inspectors' time on the certification/re-certification of the Aircraft Maintenance Organisation (AMO) during the reporting period.

The graph on the right illustrates the complexity of activities attracted by the number of aircraft on the NCAA's Registry.

Number of Registered Aircraft



| Airworthiness Activities during the reporting year                             | Number         |
|--|----------------|
| Certificates of Registration issued  | 85             |
| Certificates of De-Registration issued and Export Certificate of Airworthiness | 13             |
| Certificates of Airworthiness issued (issue/renewal)                           | 1,100          |
| Experimental/Special Flight Permits issued                                     | 470            |
| Conformity Inspections performed   | 1,100          |
| Aircraft Maintenance Organisation Approvals (issue/renewal)                    | 65             |
| Modifications Approved   | 80             |
| Supplemental Type Certificates (STC) processed                                 | 5              |
| Type Acceptance Certificates Issued (New)                                      | 5 + 1 on going |



## AIR NAVIGATION SERVICES SAFETY OVERSIGHT

The Air Navigation Services Safety Oversight division is responsible to oversee services in Namibia which are required in terms of Annexes 3, 4, 5, 10, 11, 12, 15 and 19.

It oversees the installation and maintenance of communication, navigation and surveillance systems infrastructure implemented within Namibia. It also ensures that providers for air traffic services, aeronautical information services, communication, navigation and surveillance services, meteorological services, procedure design services, and search and rescue services complies with regulatory requirements are operate safely. In addition, it provides secretariat services to the National Airspace Committee and approves airspace usage requests.

## About the Air Navigation Service Safety Oversight division

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Setting up the Air Navigation Services Safety Oversight division from scratch to oversee the Air Navigation Services Provider (ANSP) and other relevant service providers across the value chain was necessary and a matter of compliance to ensure that the regulatory environment facilitates Namibia's adherence to the Chicago Convention.

Other service providers include air traffic service providers, search and rescue services, aeronautical telecommunications service providers, aeronautical information/charts service providers, aviation meteorological service provider and flight procedure designers.

Moreover, the ICAO 2014 audit excluded this audit area, as Namibia showed little progress since the 2006 audit. For the country to improve on this aspect required that the NCAA establish the division and ensure that we recognise the conflict within the Authority as both a regulator and as a service provider.

From the beginning, we recognised the need to have adequately trained inspectors in place to perform the safety oversight functions and to ensure that any deficiencies identified during surveillance inspections and audits are resolved in accordance with safety oversight Critical Element CE-8. Under the ICAO Project, we recruited an ANS Specialist to develop the required regulatory framework.

During the reporting period, we achieve the following:

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### Rulemaking

We established the required regulatory framework for safety oversight of Air Navigation Services by ensuring that the first five critical elements of safety oversight were in place and adequately supported the air navigation services activities.

The Civil Aviation Act of 2016 ensured a clear separation of ANS regulatory functions and the Air Navigation Services Provider functions of the NCAA. The Act also paved way for the promulgation by the Minister of the enabling regulations covering all the air navigation services fields.

Consequently, the NCAA developed a set of draft regulations, taking into consideration all the ANS related SARPs and covering airspace and air routes, aeronautical telecommunication services, air

traffic services, flight procedure design services, aeronautical information services/charts, aviation meteorological services and search and rescue functions.

Although there is currently no ICAO requirement to certify Air Navigation Service providers, there is a global trend to introduce certification of the ANS providers as a basis for establishing an environment that enhances effective safety oversight.

In recognition of this global trend, we also developed the necessary draft regulations requiring certification of the Air Navigation Service providers, together with the necessary mechanisms (such as technical guidance, forms and checklists) required for the implementation of the new regulations.

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### Training of Inspectors

The training of inspectors has been on-going following the recruitment of former senior personnel from the ANS provider wing of the NCAA and industry into the Safety Department.

With the exception of the CNS and AIS inspectors, training of inspectors in all other ANS safety oversight areas has been intensified and include basic, specialised and on-job-training.

Currently there are five ANS inspectors at varying levels of their inspector-maturity growth curve. All five are already involved in the safety oversight activities, including surveillance inspections and audits of the ANS providers and the resolution of safety concerns.

The inspectors have benefited immensely from the ICAO Project in their training and personal development.

## Surveillance Inspections and Audits

On-going surveillance programmes have been conducted with the aim of ensuring compliance with ANS-related SARPs and to prepare the service providers for certification once the regulations are promulgated.

We have established the necessary mechanisms to resolve identified deficiencies impacting ANS safety, which have been detected by either the ANS inspectors or through ICAO audits. Safety deficiencies are analysed and recommendations forwarded to the ANS provider. Follow-up of their resolution is carried out based on corrective action plans submitted by the ANS provider.

The table below provides a summary of audits and inspections which were conducted during the period under review, and the number of identified and resolved safety concerns.

Over the past two years, the ANSSO division has also been involved in the safety oversight of Recreational

Airspace Users in conjunction with the Flight Operations division.

These Recreational Airspace Users form part of Aviation Recreation Organisations including gliding and hang gliding activities. These activities are seasonal and attract participants from all over the globe.

Namibia has been witness to various African and world records in the Gliding as well as Hang Gliding competitions during the past two seasons. These records are due to the availability of airspace made available during the competition season, as well as the unique weather conditions which make Namibia a sought-after destination for record breaking attempts.

The table far below provides a summary of audits and inspections which the division conducted during the reporting period, and the number of identified and resolved safety concerns.

| ANSO Audit Area  | 1 Nov 2016 – 31 Mar 2017 |        | 1 Apr 2017 – 31 Mar 2018 |        |                  |                     |
|--|--------------------------|--------|--------------------------|--------|------------------|---------------------|
|  | Audits/Inspections       |        | Audits/Inspections       |        | Percentage       |                     |
|  | Planned                  | Actual | Planned                  | Actual | Variance         | Percentage variance |
| Periodic inspections/audits of ANS Facilities            | 1                        | 1      | 10                       | 10     | 0                | 0%                  |
| Random surveillance of ANS facilities                    | 0                        | 0      | 0                        | 0      | 0                | 0                   |
| CNS – Facilities & Infrastructure                        | 0                        | 0      | 0                        | 0      | 0                | 0                   |
| MET – Facilities & Infrastructure                        | 0                        | 0      | 1                        | 1      | 0                | 0%                  |
| Neighbouring Flight Info. Regions (delegated Air spaces) | 0                        | 0      | 0                        | 0      | 0                | 0                   |
| Resolution of safety concerns                            | Number identified<br>154 |        | Actual resolved<br>6     |        | Percentage<br>4% |                     |

Note: The Service Providers have found closing of Safety Concerns a challenge due to lack of resources including Financial constraints, adequate staff numbers for availability of required service provision and equipment. The Service Providers require extensive financial and Staff investment in the future to resolve these safety concerns.

| ANSO Audit Area: Recreation  | 1 Nov 2016-31 Mar 2017  |        | 1 Apr 2017-31 Mar 2018 |        |                   |                     |
|--|-------------------------|--------|------------------------|--------|-------------------|---------------------|
|  | Audits/Inspections      |        | Audits/Inspections     |        | Percentage        |                     |
|  | Planned                 | Actual | Planned                | Actual | Variance          | Percentage variance |
| Aviation Recreation Organisation Airspace Users (eg. Gliders, Hang gliders, etc) | 1                       | 1      | 2                      | 2      | 0                 | 0                   |
| Resolution of safety concerns  | Number identified<br>43 |        | Actual resolved<br>10  |        | Percentage<br>24% |                     |

Note: Due to Nature of Seasonal Operations the safety concerns are closed at the next planned audit/inspection.

# AERODROMES AND GROUND AIDS

**Safety regulation of aerodromes to ensure a  
safe operational environment**



The Aerodromes and Ground Aids (AGA) division ensures that the aerodromes under the jurisdiction of Namibia offer a safe, effective and sustainable operational environment in accordance with the Convention on International Civil Aviation. It is the State's obligation under Article 38 of the Convention to notify ICAO of differences between its national regulations and practices, and that the International Standards contained in Annex 14, Volume I and II, and Annex 19, are met.

The division's primary function is to ensure the implementation of the regulations related to aerodromes and heliports as contained in the NAMCARs, NAMCATS and associated AICs and procedures. Furthermore, the division's function is to also ensure that the aerodrome regulatory framework in Namibia continues to conform to SARPs, as may be adopted from time to time by the Council of ICAO.

These functions are carried out by, but are not limited to:

- conducting safety inspections and audit required for licensing aerodromes and heliports within Namibia based on the five-phase certification process described previously;
- control of obstacle and land use within the vicinity of an aerodrome;
- assessing the aerodromes manuals submitted by an applicant for a licence to determine whether it complies with national requirements;
- developing of new or amending of international standards and recommended practices, as well as best practices related to aerodromes and heliports and making recommendations for their implementation in Namibia, as well as amending of Namibian regulatory framework;
- developing and maintaining technical guidance material for the aviation industry to facilitate compliance to the aerodromes and heliports requirements; and
- rendering support to the Ministry of Health and Social Services with respect to Communicable Disease provisions.

Oversight of compliance to the safety regulations of aerodromes is done through the establishment of a well-defined safety oversight entity in the NCAA, with the mechanism supported by the appropriate regulations.

The Act adequately provides the legal basis for safety oversight of aerodromes by the NCAA. Part 139 of the Namibia Civil Aviation Regulations provides the regulatory framework for the operation of aerodromes in Namibia. NAMCAR 139 provides the regulatory framework for the licensing and operations of aerodromes, and the approval or licencing and operations of heliports.

We recognise the need to have adequately trained Inspectors in place to perform the Safety Oversight functions and to ensure that any deficiencies identified during surveillance inspections and audits are resolved in accordance with the Safety Oversight Critical Element CE-8.

During the reporting period, the following was achieved:

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## Review of Part 139

The current Part 139 was promulgated in 2001, hence did not conform to the SARPs. This prompted a review to incorporate the latest Annexes 14 and 19 amendments in the current draft of Part 139.

Additionally, to establish an appropriate environment for effective oversight of all aerodromes in Namibia, the new draft categorised the aerodromes in five categories, from

A to E, which are further classified into aerodromes applicable for certification, licensing and permits as an appropriate regulatory framework for enhancing the safety oversight regime.

When promulgated, the new draft Part 139 will ensure that Safety Oversight Critical Element CE-2 is fully addressed.

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## Training of Aerodrome Safety Inspectors

The Aerodromes Safety Inspectors (AIS) undergo a well-structured and intensive training programme, which must be successfully completed before attaining a Delegation of Authority. The training involves both theoretical and on-the-job training, which includes:

1. Induction programme — the aim is to familiarise the prospective inspector with the framework of civil aviation and aerodrome safety oversight in Namibia and get him/her to know the stakeholders and their respective roles.
2. General component of the training programme — the aim is to provide the prospective inspector with the necessary information on the requirements and processes for licensing and operations of aerodromes and heliports.
3. Speciality training programme on the area(s) to be assigned — the aim is to provide the inspector with the technical knowledge and skills on one or more specific areas related to the design, control and supervision, operations, and maintenance of aerodromes and heliports.

4. Re-currency programme — the aim is to maintain the competence of the inspector on the requirements and processes for licensing and operations of aerodromes and heliports and to keep the inspector abreast with technical knowledge.

Currently the training of ASI is an ongoing focus area. Seven inspectors have been recruited to date, who are

currently at varying levels of their inspectorate-maturity growth. They are already actively involved in the Safety Oversight activities, including surveillance inspections and audits of aerodromes, as well as the resolution of identified safety concerns. All the inspectors have benefited immensely from the Sate resources and equally from the ICAO Project in their training and personal development.

## Surveillance inspections and audits, and resolution of safety concerns

Licensing of an aerodrome signifies the aerodromes capability in meeting and maintaining its facilities in accordance with required international and national safety standards.

To date, three airports have undergone the five-phase certification process, namely Hosea Kutako International Airport, Walvis Bay International Airport and Ondangwa Airport. These airports were issued with licences and periodic inspections are continuously conducted to ensure compliance to meet the conditions specified in the licences.

Equally, unlicensed and registered aerodromes are continuously surveilled to ensure that the aerodromes comply with NAMCARs Part 139.

The AGA division established mechanisms to identify deficiency and make recommendations for the resolution based on corrective action plans which are required to be submitted by the aerodrome operators, and, when necessary, enforcement action is taken.

The number of licences issued during the reporting is indicated elsewhere in this report. The table below provides a summary of the audits and inspections the AGA division conducted during the reporting period, as well as the number of identified and resolved safety concerns.

Subsequently, the AGA division was unable to effectively implement all planned activities due to human resources and financial constrains.

| Audit Area AGA                            | 1 Nov 2016 – 31 Mar 2017 |        | 1 Apr 2017 – 31 Mar 2018 |        |            |                     |
|---|--------------------------|--------|--------------------------|--------|------------|---------------------|
|   | Audits                   |        | Inspections              |        | Percentage |                     |
|   | Planned                  | Actual | Planned                  | Actual | Variance   | Percentage variance |
| Periodic inspections/audits of Aerodromes | 3                        | 3      | 5                        | 2      | 60 %       | 40 %                |
| Random surveillance of Aerodromes         | 10                       | 10     | 15                       | 5      | 66.7 %     | 33.3 %              |
| Resolution of safety concerns             | Number identified        |        | Actual resolved          |        | Percentage |                     |
|   | 406                      |        | 256                      |        | 63%        |                     |

# CERTIFICATION AND LICENSING

## PERSONNEL LICENCING

For the Windhoek-based Aviation Training Organisations or schools (ATO), the re-certification surveillance plan is ongoing. All Pilot, Cabin Crew, Aircraft Maintenance Engineers and Air Traffic Controller licence files are currently being re-filed.

**Digital Initiative: Investing in a state-of-the-art tool to compliment the limited and challenging staffing issues and to work with more accuracy and speed without compromising our effectiveness**

During the reporting year, the NCAA invested in the EMPIC system. The EMPIC system is a central software solution to manage and to check the implementation of aviation specific regulations.

Once fully operational, the system would bring all our document-based information in to one system. This would enable all the Inspector Specialist areas — i.e., Personnel Licensing, Flight Operations, Airworthiness, Aerodrome and Ground Aids, Air Navigational Safety Oversight Services and Aviation Security — a central place to access and work on documents securely and efficiently with the necessary collaboration and interfaces.

## AIRWORTHINESS

We have 12 Aircraft Maintenance Organisations (AMO) locally, of which seven have been re-certified fully for a long time. The remaining five AMOs were under the re-certification process from January 2017, of which three are 90 per cent completed, whilst two are 70 per cent completed.

The table on the next page summarises the Type Acceptance Certificates received and treated within the reporting period to enable the registration of the various aircraft which represent the first of its type on the National Aircraft Register.

For each application the Type Certificate issued under EASA or FAA is reviewed against the Namibian regulations for the issuance of the Type Acceptance to the Applicants and Type Certificate Holder (Aircraft Design Organisation).

As part of the Type Certification, arrangements have been achieved for Airworthiness Inspectors to be trained on the Sikorsky 76C and Air van GA8/ GA10 at the cost to the applicants.



Photograph: Westair



## Aircraft operating on the Special Certificate of Airworthiness

There are ten aircraft in the category of Small Airplanes operating on a Special Certificate of Airworthiness due to their reciprocating (aircraft) engines that have gone past their 12-years Calendar Time Between Overhaul (TBO). All of these aircraft, in exception of one with Special Certificate of Airworthiness that lapsed in October 2017, have valid Special Certificate of Airworthiness.

The Special Certificate of Airworthiness is issued for these aircraft after their engine condition has been evaluated and found to be in a satisfactory condition based on engine oil analysis and engine operation parameters monitoring.

| National Aircraft Register     |   |  |  |
|--------------------------------|---|--|--|
| Applicant                      | Manufacturer  | Aircraft Type                                    | Status   |
| West Air Maintenance           | American Champion Aircraft, Rochester, WI 53167 USA             | Small Aeroplane, 2 Seater                        | Issued   |
| TITAN OFFSHORE (Pty) Ltd (AOC) | Sikorsky Aircraft Corporation, Stratford Connecticut 06614, USA | Large Rotorcraft, Max 15 Seats (includes 2 Crew) | Issued   |
| Eagle Eye Aviation (AOC)       | GA 8 Air van (Pty) Ltd, Victoria 3844, Australia                | Small Aeroplane, 8 Seats                         | Issued   |
| Airvan10 Pty Ltd               | GA 10 Air van (Pty) Ltd, Victoria 3844, Australia               | Small Aeroplane, 1 Pilot, 8 Seats                | Issued   |
| Bay Air AOC                    | Mitsubishi Heavy Industries America, Inc                        | Small Aeroplane, 1-2 Pilot, 9 Seats              | Issued   |
| SX Helicopters, Farm Kaross    | DB Aerocopter in cooperation with Antonov                       | Light Helicopter                                 | Non-Compliant; to be issued with an Experimental Certificate |
| NBA                            | SA341B Gazelle Westland in cooperation with Aerospatiale        | Helicopter                                       | Non-Compliant; to be issued with an Experimental Certificate |

# SURVEILLANCE AND INVESTIGATION ACTIVITIES

During the reporting period, all the inspector disciplines carried out activities that serve to monitor the adherence of participants in Namibia's aviation system to safety and security standards, including audits, inspections and investigations.

As envisaged in Article 12 of the Chicago Convention, we previously followed a guideline that favoured foreign-based operations at the expense of local operations. We now favour ensuring that local approval holders are served as a first priority and foreign operations only on the strength of the level of confidence we have in their civil aviation authorities and their own safety record.

## PERSONNEL LICENSING

Two PEL Inspectors carried out surveillance audits for three Aviation Training Organisations (ATOs) during the reporting period. One PEL Inspector accompanied Flight Operations Inspectors in a coordinated visit to carry out surveillance and inspections on training providers used by Air Namibia for the training of their flight crew.

The surveillance audits done on three of the ten approved Foreign Approved ATOs was a pleasing development given that no activity was planned and budgeted for. This is an achievement and attested to NCAA's staff willingness to execute our mandate despite resources limitations to promote aviation safety and security.

### Inspector Resources

All new ATO applications received were not finalised during the reporting year. This is because the applications are still at varying stages of assessment before the final licence approvals can be granted.

The new designated flight examiner criteria published in December 2017 became effective on 3 July 2018. The transition period was extended to end of December 2018 to enable all current flight examiners to be re-designated in accordance with the new criteria.

Six technical panel interviews were held and six prospective examiners have undergone the examiners assessment workshop and are at various stages of completion of the designation process. Two oversight flight examiners were appointed under Section 37(1) of the Act.

PEL has also introduced a database that will enable the division to capture statistics with regards to the number of licences that are processed.

The PEL Inspector responsible for Air Traffic Services (ATS) personnel, initiated and completed Phase 1 of the five-phased certification process for the Aviation Training Academy (ATA) in South Africa, under the supervision of the ICAO PEL Expert.

If certified as an ATO, ATNS Aviation Academy will be the only ATO certified for ATS training by the NCAA. The ATA will therefore play a pivotal role in the soon-to-be-launched ATS bursary programme.

| Audit Area<br>Aviation Training Organisation Surveillance Activities | Planned Audits         |                         | Actual Audits          |                        | New Applicants Received |         |
|--|------------------------|-------------------------|------------------------|------------------------|-------------------------|---------|
|  | Locally Approved No. 6 | Foreign Approved No. 10 | 1 Nov 2016-31 Mar 2017 | 1 Apr 2017-31 Mar 2018 | Locally                 | Foreign |
| Aviation Training School   | 6                      | 0                       | 6                      | 3                      | 3                       | 5       |

# FLIGHT OPERATIONS



Photograph: Westair

To adequately perform our duties, the NCAA expanded the range of our inspectorate to areas that did not exist previously, such as oversight over Air Traffic Services, Aeronautical Information Services, Flight Procedure Design Services, and Aviation Meteorological Services and Cabin Crew Oversight.

As is the standard practice within a civil aviation authority, we have also delegated functions carried out by authorised officers designated by the operator.

In practice this applies to type ratings, instrument ratings and pilot proficiency checks. Although nominated by the operator, their qualification and approval – which cover examinations in both aircraft and flight simulation training devices – are conducted by the NCAA.

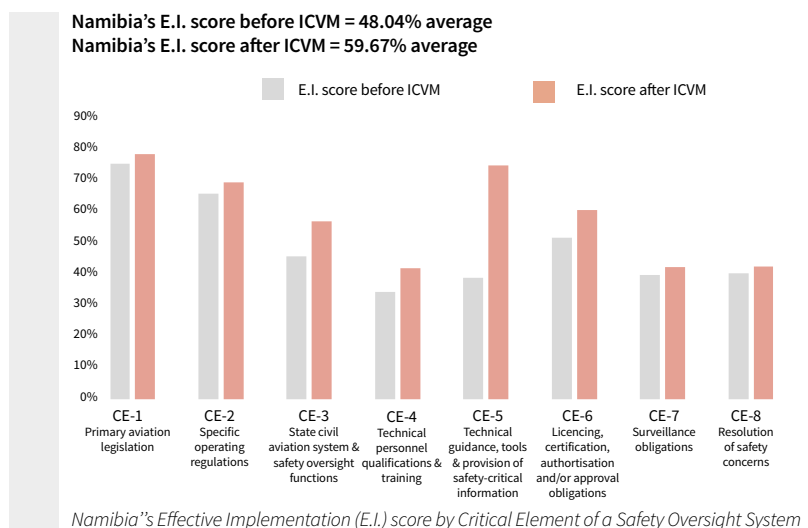
We, however, have capacity limitations and therefore appointed Designated Examiners to ensure that the activities are carried out. The figure below shows Namibia's current status measured in terms of the Audit Areas

and compared with the world average of 60 per cent, which is currently considered acceptable.

The Audit Areas CE-3 (Organisation) and CE-4 (Technical Personnel) are below the world average at 54 per cent and 41 per cent respectively, which affects implementation – that is, the ability to conduct surveillance, and to enforce and ensure industry resolve the deficiencies identified by NCAA's safety technical personnel.

Therefore, during the reporting period, we spend much of our resources under the ICAO Project to hire skills and competencies comparable to industry and to overcome the skills gap internally. ICAO recommends that the competencies of technical personnel must at least be equal to that of the operational personnel they inspect.

This means if NCAA is to inspect a pilot with a Captain ranking on Air Namibia's Airbus 319 (A319) or Qatar and Ethiopia's Boeing 787, it must be done by comparably qualified and experience safety and security inspectors.



The same applies to Captains of the Airbus 330s operated into Hosea Kutako International Airport by Air Namibia, Qatar and South African Airways; the Boeing 737 operated by British Airways, COMAIR, and TAAG-Angola, and the Boeing 767 operated by EuroWings and Condor.

This demonstrated not only the complex nature of the skills sets the NCAA needs to execute its certification and licensing responsibilities, but the necessity for the NCAA to have financial autonomy to bring the skills set that we need to fulfil our certification and licensing obligations.

This was not possible under the Public Service. The Cabinet decisions taken to hire skills and experience required through the ICAO Project was a necessity to improve Namibia's ability to domesticate ICAO SARPs and implement thought enforcement strategies.



Photograph: Air Namibia

Currently, NCAA is still not adequately staffed to address what remains our most problematic areas, namely the organisational capability in terms of sufficient numbers and the ratio of inspectors in relation to the activities generated by the air carriers.

This is due to the local scarcity of the experience a civil aviation authority needs, particularly in terms of the specialist areas of inspector qualifications, operational competencies and experience.

| Flight Operations:<br>AOC Inspections | Number<br>of AOC<br>Inspections<br>not done | Number<br>of AOC<br>Inspections<br>done | Number of<br>Inspections<br>planned | Number of<br>AOCs | Number of<br>Inspectors | Signed out<br>Inspectors | AOC per<br>Inspectors |
|---------------------------------------|---|---|-------------------------------------|-------------------|-------------------------|--------------------------|-----------------------|
| 1 Nov 2016-31 Mar 2017                | 2   | 3                                       | 5                                   | 18                | 4                       | 4                        | 4.5                   |
| 1 Apr 2017- 31 Mar 2018               | 7   | 13                                      | 20                                  | 20                | 5                       | 5                        | 3.8                   |

(NOTE: The AOC inspections is a package that include, Base, Ramp and En-route Inspections per Operator/AOC holder, and we normally schedule these Inspections before the AOC expires, to use it as a basis to recommend for the AOC renewal)

# AIRWORTHINESS

As of mid-June 2017, the Airworthiness division started with the re-certification of five AMOs, namely Trio Aviation, Namibia Instrument and Avionics, Aircraft Propeller Specialist, Namibia Base Aviation and the Government Air Transport Services.



The division oversees and monitors the airworthiness status of aircraft whose engines have overshot the required 'time between overhaul' (TBO) requirements which enable aircraft under the Namibian aircraft registry to fly within acceptable safety standards in compliance with international requirements.

Currently, the Namibian Civil Aircraft Register stands at 632 aircraft; this number changes continuously depending on new registrations and de-registrations.

During the reporting period, the division carried out Airworthiness ramp inspections outside Windhoek, deploying Inspectors on ramp visits to Ondangwa, Katima Mulilo and Rundu airports. The latter were undertaken while our conformity inspections for the issuance/renewal of Certificate of Airworthiness are on-going and without any complications.

At the moment, AMO surveillance activities are integrated into AMO renewal activities due to staff shortages and ongoing capacity building efforts. Nevertheless, surveillance activities on local AMOs have been undertaken in response to the resolution of noticed safety concern.

The ramp inspection visits were conducted at the airports of Keetmanshoop, Rundu, Lüderitz, Walvis Bay, Ondangwa and Katima Mulilo – an initiative by the Airworthiness Inspectors. These inspections proved to be very useful, as the Inspectors highlighted a number safety and security related concerns in their report.

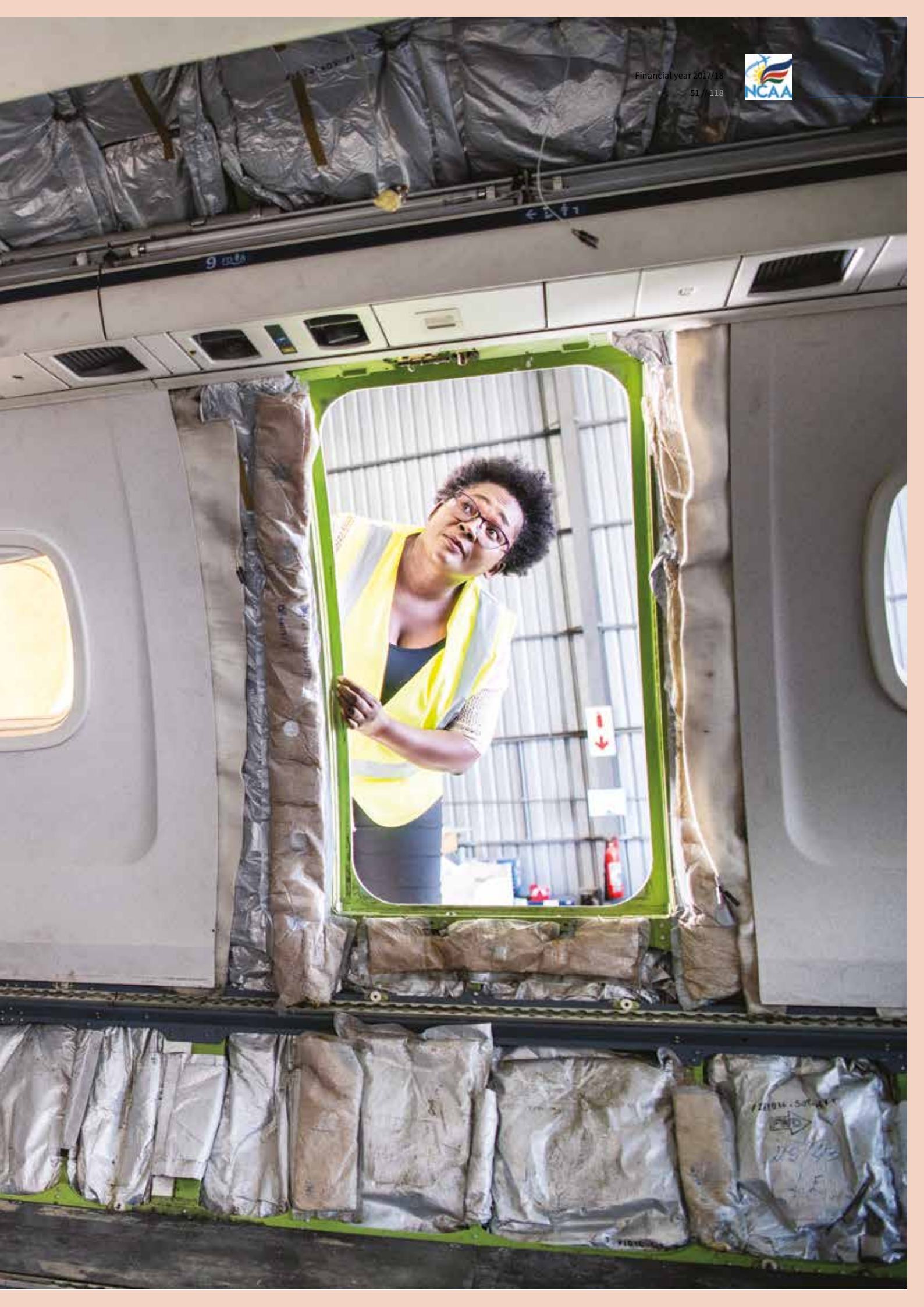
These findings were shared with the relevant Inspector disciplines to address or to enact the required enforcement actions. The aim is to conduct these outreach inspection visits at least twice a year until a baseline is established for future inspections to be carried out on a risk performance assessment basis.

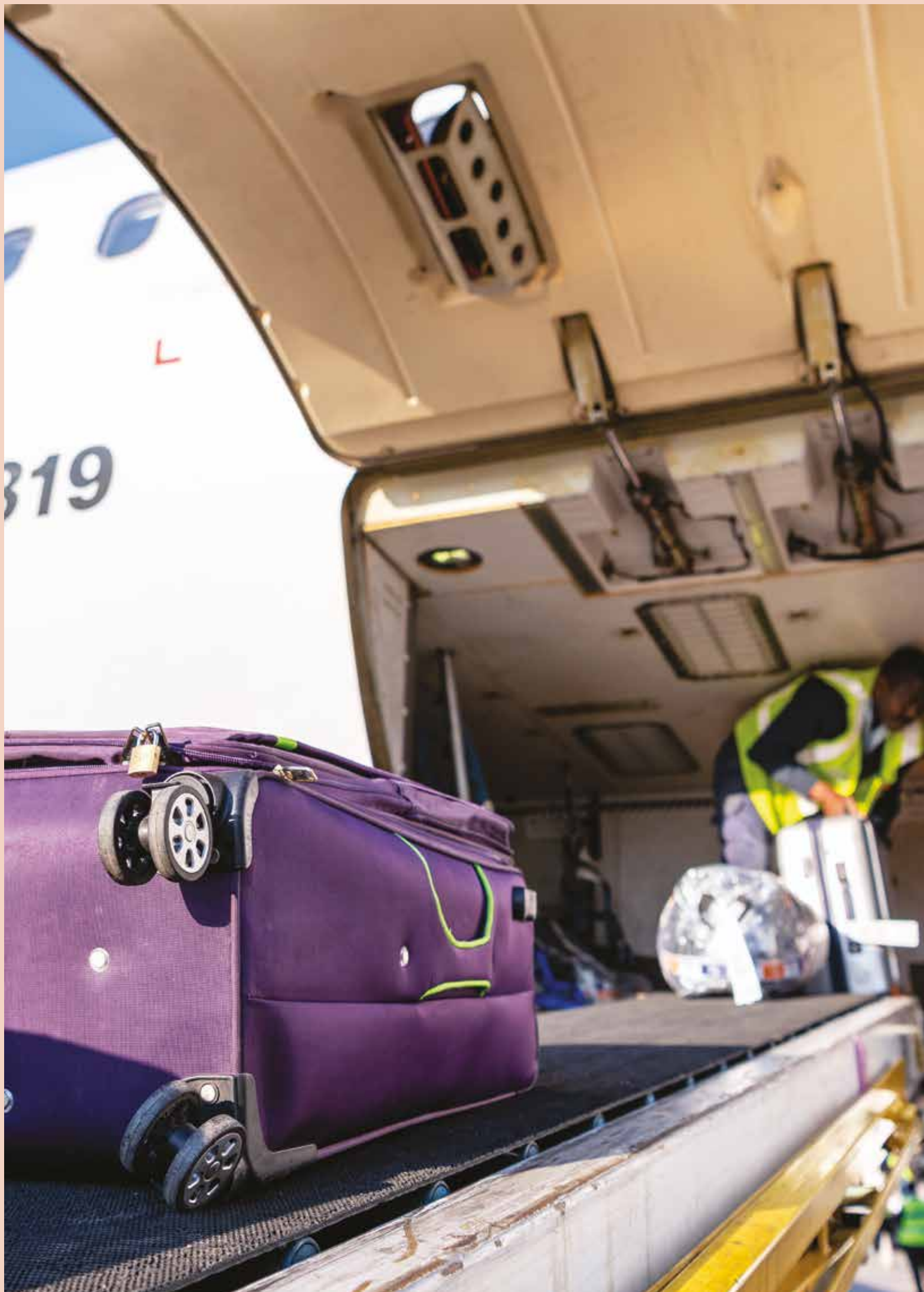
AMO Surveillance Renewal audits are planned jointly and conducted annually when renewals of the certificate occur. Inspectors regularly visit these AMO when renewal certification of an aircraft is required, which also afford them opportunities to conduct oversight of the AMOs whilst carrying out other tasks.

This encourages the efficient use of inspector time and financial resources while avoiding the inhibiting of the smooth running of operators' businesses by not perpetually having inspectors on their doorway. This explains the N/A reference in the table below.

| Audit Area                                 | 1 Nov 2016–31 Mar 2017 |        | 1 Apr 2017–31 Mar 2018 |        |                  |        |
|--|------------------------|--------|------------------------|--------|------------------|--------|
|  | Audits                 |        | Inspections            |        | Ramp Inspections |        |
|  | Planned                | Actual | Planned                | Actual | Planned          | Actual |
| AMO License (Local)                        | 7                      | 7      | 14                     | 14     | 12               | 6      |
| AMO License (Foreign)                      | 8                      | 8      | 26                     | 19     | N/A              | N/A    |
| Certificate of Airworthiness Renewal (CoA) | 135                    | 135    | 335                    | 335    | N/A              | N/A    |
| AMO Surveillance                           | 4                      | 4      | 4                      | 4      | N/A              | N/A    |

NOTE: N/A means 'not applicable' to foreign-based approval holders.





# AERODROMES AND GROUND AIDS

Surveillance safety inspections and audits were conducted to determine whether the holder of an aerodrome licence, heliport licence or unlicensed aerodromes continues to comply with the requirements prescribed in the regulations and conditions attached to the licence or approval.

Numerous surveillance activities were carried out on both licenced, unlicenced and registered aerodromes as per an approved surveillance programme, to ensure continuous compliance to the regulations.

To date three airports have undergone the five-phase certification process, namely Hosea Kutako International Airport, Walvis Bay International Airport and Ondangwa Airport. These airports were issued with licences and periodic inspections were continuously conducted to ensure safety compliance to meet the conditions specified in the licences.

Oranjemund Aerodrome is currently undergoing the five-phase certification process, which is now in phase one (Expression of Interest). In addition, the airports in the towns of Lüderitz, Keetmanshoop, Rundu and Katima Mulilo and the Eros airport underwent continuous surveillance to ensure compliance to the NAMCARs 139.

Registered aerodromes, including those in the towns of Arandis, Swakopmund, Tsumeb, Rosh Pinah, Mariental, Opuwo, among others, were also included in the surveillance activities that were carried out during the review period and recommendations were made to enhance safety of air services at these aerodromes.

Moreover, during the period under review, the AGA division was involved in aviation safety-related activities, as follows:

- stakeholder consultative meetings with industry stakeholders, such as Airport Operators, Airlines, Professional Associations or Ministry of Works and Transport;
- industry workshops on various areas such as runway safety programme, aerodrome rescue and fire-fighting, obstacle control, safety management systems and environmental management programmes; and
- safety roadshows conducted to sensitise the industry on aviation safety.

In addition, the AGA division provided technical assistance to other Member States with regards to Aerodrome Certification, to name a few:

- the Kingdom of eSwatini (formerly known as Swaziland) for the certification of the King Mswati III International Airport and the Angola Quatro de Fevereiro International Airport in Luanda;
- AIPRG technical assistance work groups for the Eastern and Southern African (ESAF) and Western and Central African (WACAF) regions; and
- Collaborative arrangements for the prevention and management of public health events in civil aviation.

| Audit Area           | 1 Nov 2016–31 Mar 2017 |        | 1 Apr 2017–31 Mar 2018 |        |                             |        |
|----------------------|------------------------|--------|------------------------|--------|-----------------------------|--------|
|                      | Audits                 |        | Inspections            |        | Facilities & Infrastructure |        |
|                      | Planned                | Actual | Planned                | Actual | Planned                     | Actual |
| AGA                  |                        |        |                        |        |                             |        |
| Initial Licence      | 1                      | 1      | 1                      | 0      | N/A                         | N/A    |
| Licence Renewal      | 2                      | 2      | 3                      | 3      | N/A                         | N/A    |
| Periodic Inspections | 3                      | 3      | 5                      | 2      | N/A                         | N/A    |
| Surveillance         | 10                     | 10     | 15                     | 5      | N/A                         | N/A    |

# FINANCIAL AND STAFFING AUTONOMY

The ICAO Member States are required to establish and implement an independent system and authority that enables it to satisfactorily discharge its international obligations and responsibilities. Namibia attained this on 1 November 2016 with the enactment of the Civil Aviation Act No. 6 of 2016.

The changing nature of the industry in terms of low and high seasons requires airlines to take decisions regarding their fleet usage, depending on immediate market demand. These changes require a high level of flexibility on the part of regulatory authorities in terms of the competencies and experience of staff, while not all skill-sets are financially affordable.

There are a number of key functions that the NCAA could not adequately attend to during the reporting year due to the limited number of operational (service provisioning units such as ANS) and technical (regulatory) personnel.

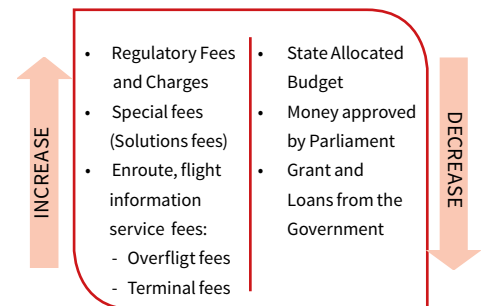
Compared to the audit areas of Flight Operations and Personnel Licensing, the three audit areas of Aerodrome, Air Navigation Safety Oversight and the Airworthiness divisions currently have at least 80 to 90 per cent of their vacancies filled. However, the inspectors in these three audit areas are still trainee inspectors and require ongoing training, mentoring and development.

The ICAO Project added the additional key staff within the Aviation Security, Aerodromes and Ground Aids divisions, as well as the Airworthiness Inspector Divisions.

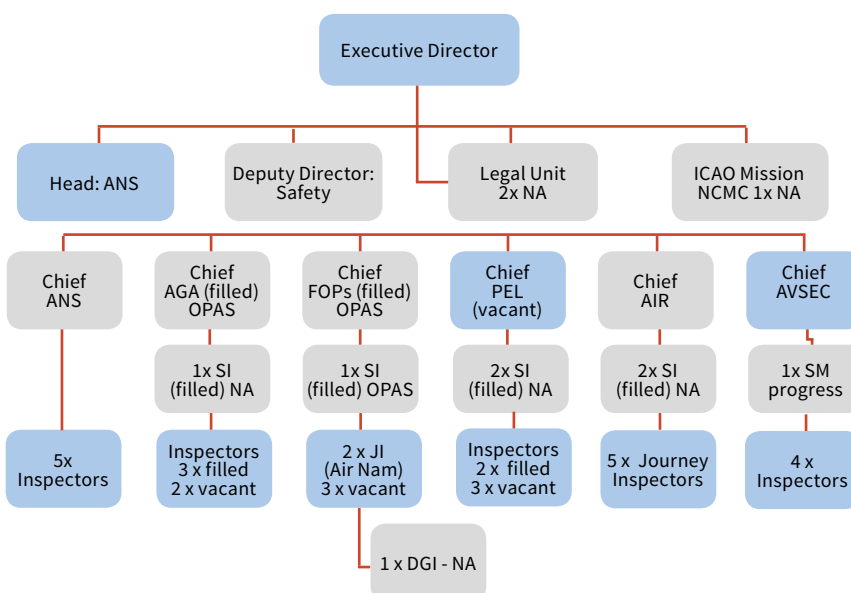
The organogram below illustrates the vital role played by the staff appointed under the ICAO Project. The grey labelled positions were all appointed under the ICAO Project and therefore outside the Public Service approved structure, while the blue labelled positions are Public Service staff on secondment to NCAA.

We therefore depend on tapping into skill-sets outside the NCAA or pull from the strength of sister civil aviation authorities such as the South African Civil Aviation Authority and/or the Regional Safety Organisation (RSOO) to carry out complex surveillance activities.

There is no doubt it will take a while before the NCAA's revenue generating activities will mature. This makes NCAA heavily financially reliant on Government parliamentary appropriations (which are currently transferred on a monthly basis).



Public Service Seconded staff (depicted in blue) and ICAO Project-appointed staff (depicted in grey)



Management is equally cognisant of the fact that, sooner or later, these funds will dry up and therefore the urgency to promulgate the NAMCARs in 2018 with the revised fee structure exists.

Efforts are also being made to find smarter ways of curbing costs, overcoming the staff limitations by adopting Alternative Means of Compliance (AltMoC), and cutting expenses unrelated to our core objective to the bone.

# AVIATION SECURITY AT A GLANCE

## THE AVIATION SECURITY SYSTEM INCLUDES:



Police



Customs



Immigration

Government Stakeholders

## QUANTITY OF OVERSIGHT ACTIVITIES



51

## KEY DATES FOR THE AUTHORITY

November 2016



Establishment of the NCAA



1<sup>st</sup> NCAA Board

February 2017



High-Level Inter-Ministerial Conference

October 2017

Global Aviation Security Plan



July-August 2017

Board Training: Civil Aviation Management Programme (Singapore)



March 2018

NCAA & NAC Institutional Collaborative Training



February 2018

EU Collaborative Training



January 2018

Memorandum of Understanding ICAO Buddy Agreement



## SOME AVIATION SECURITY PARTICIPANTS



Airports & Aerodromes

10

Airlines



Aircraft & Pilots Association

# REVIEW OF NCAA'S SECURITY REGULATORY ACTIVITIES

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## BACKGROUND

Prior to 2001, Namibia's aviation security activities (AVSEC) were audited under the ICAO voluntary technical evaluations mechanism. The terrorist attacks that took place on 11 September 2001 against the United States of America changed this landscape. The Assembly Resolution A33-1 of the 33rd Session of the ICAO Assembly (25 September to 5 October 2001) resolved to implement mandatory USAP audits (Universal Security Audit Programme) in all ICAO Member States starting in November 2002.

Pursuant to Assembly Resolution A33-1, a high-level ministerial conference on Aviation Security was convened in Montreal on 19 and 20 February 2002, with the objectives of preventing, combating and eradicating acts of terrorism involving civil aviation and strengthening ICAO's role in the adoption of security-related SARPs, and the audit of their implementation.

The conference endorsed a global strategy for strengthening aviation security worldwide which included, inter alia, the establishment of a comprehensive programme of regular, mandatory, systematic and harmonised audits to be carried out by ICAO for the evaluation of aviation security in all ICAO Member States. AVSEC USAP audits thus started in November 2002. The audits are guided by the international legal framework depicted on the next right.

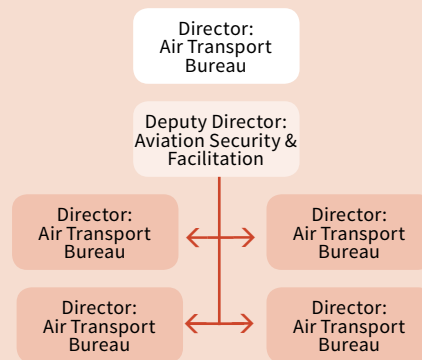
Namibia has ratified the international legal Instruments, with the exception of those circled in blue. These international conventions have been domesticated in the Civil Aviation Act No. 6 of 2016, which was promulgated on 1 November 2016.

# AVSEC REGULATORY FRAMEWORK

Namibia's AVSEC Regulatory framework is given legal powers by Section 9 of the Act, which states that one of the purposes of the Namibia Civil Aviation Authority is to control, regulate and promote civil aviation safety and security in Namibia.

In order to fulfil this mandate, the NCAA shall develop an AVSEC structure which is consistent with the ICAO AVSEC structure, as shown below.

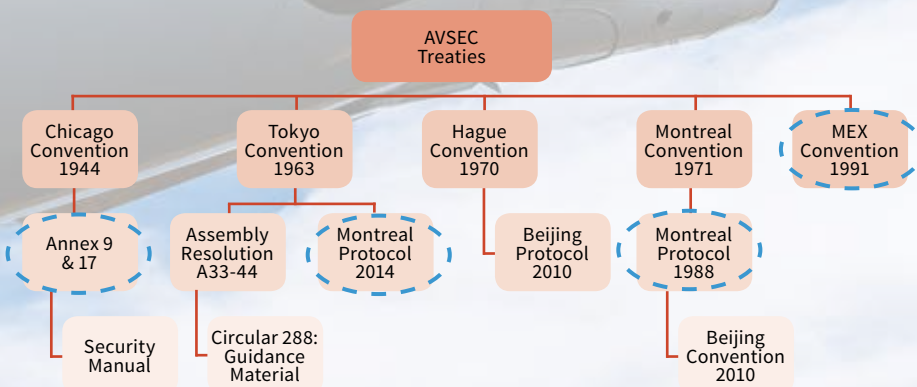
## ICAO Aviation Security and Facilitation Structure



## Proposed Namibia Aviation Security and Facilitation Structure



## International Legal Framework



# TWO OPERATIONAL FUNCTIONS

For its regulatory mandate, the NCAA comprises of two operational functions, namely the Aviation Safety function and the Aviation Security function. Both are separately audited by ICAO under the USOAP-CMA and USAP-CMA respectively.

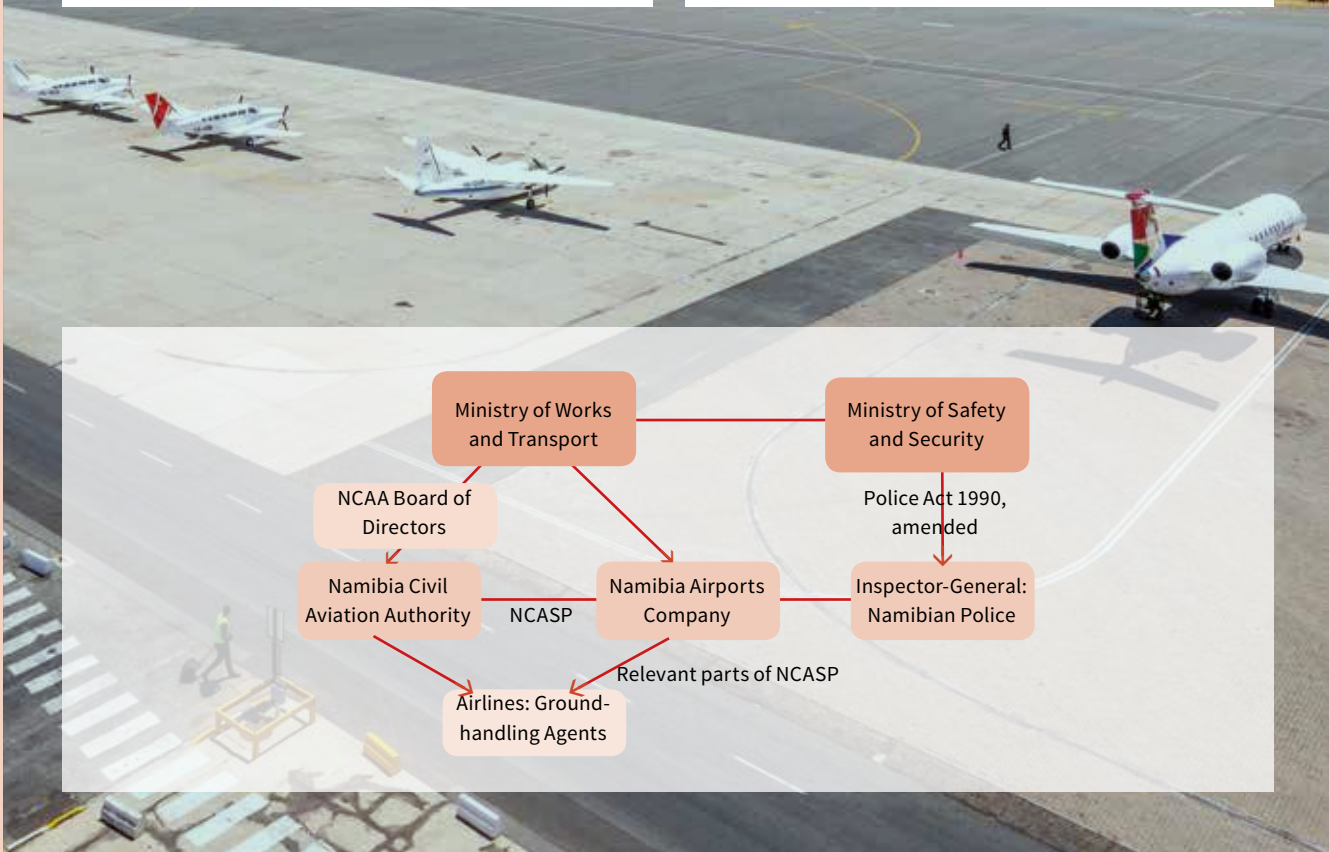
Part 8 of Namibia’s Civil Aviation Act sets out the relationship between industry, Government and the NCAA as the appropriate authority whose role it is to monitor and enforce compliance. The regulatory framework, as depicted below, recognises that since its establishment on 1 November 2016, at organisational level the NCAA has direct relationships with the industry participants and is sufficiently empowered to enforce compliance with civil aviation regulations.

It is the responsibility of the Namibia Airports Company (NAC) as the airport operator to coordinate the implementation of security measures by all entities and tenants.

However, on the ground this is not happening, as the NAC does not have sufficient capacity to carry out quality control activities over the Namibian Police who, in addition to its constitutional oversight role, is a provider of screener services at airports.

NCAA recognises these inconsistencies and, within the context of the regulatory framework, tries to address this situation through inspector surveillance activities, specifically in relation to the 2010 Finding and Corrective Action Plans. It is also the NAC’s responsibility to ensure that it establishes and implements a written Airport Security Programme (ASP) in accordance the requirements of the National Civil Aviation Security Programme, as well as to carry out quality control activities of all its tenants.

The diagramme below depicts Namibia’s AVSEC regulatory framework.

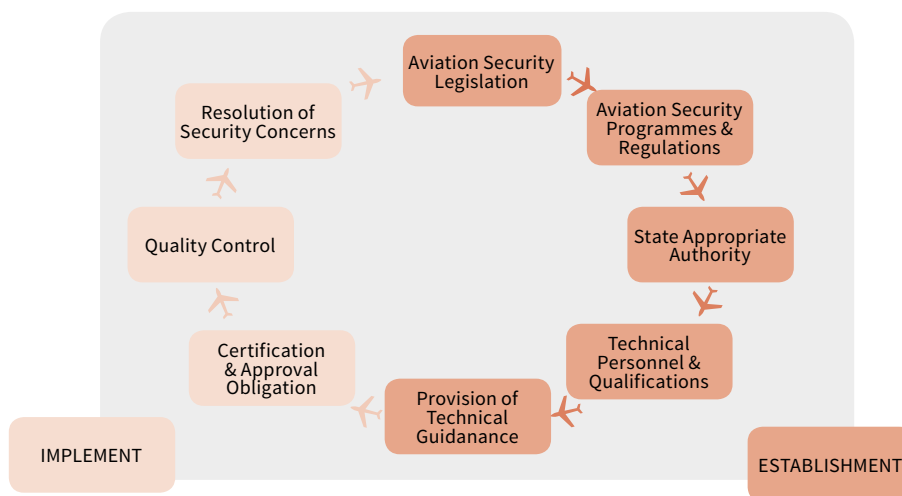


## The national regulatory framework is informed by the ICAO AVSEC oversight system, which is based on eight AVSEC Critical Elements.

The Critical Elements (CEs) are essentially the tools of a State's Aviation Security Oversight System and are required for the effective implementation of security related policies and associated procedures.

The CEs of an Aviation Security Oversight System encompass the full spectrum of civil aviation security activities. The following is a diagrammatic presentation of the CEs and accompanying explanations.

### Eight Critical Elements



### Eight Critical Elements

**CE-1 Primary aviation security legislation.** The provision of a comprehensive and effective legislative framework, consistent with the environment and complexity of the State's civil aviation operations.

**CE-2 Aviation security programmes and regulations.** The provision of necessary national-level programmes and adequate regulations to address, at a minimum, national requirements emanating from the primary aviation security legislation.

**CE-3 State appropriate authority for aviation security and its responsibilities.** The designation of an appropriate national authority for aviation security, supported by appropriate technical and non-technical staff and provided with adequate financial resources.

**CE-4 Personnel qualifications and training.** The establishment of minimum knowledge and experience requirements for the technical personnel performing aviation security oversight functions and the provision of appropriate training.

**CE-5 Provision of technical guidance, tools and security-critical information.** The provision of technical guidance (including processes and procedures), tools (including facilities and equipment) and security-critical information, as applicable, to the technical personnel to

enable them to perform their aviation security oversight functions in accordance with established requirements and in a standardised manner.

**CE-6 Certification and approval obligations.** The implementation of processes and procedures to ensure that personnel and entities performing an aviation security activity meet the established requirements, such as certification systems for security screeners and aviation security instructors.

**CE-7. Quality control obligations.** The implementation of processes, such as audits, inspections, surveys and tests to proactively ensure that entities authorised and/or approved to perform an aviation security activity continue to meet the established requirements and operate at the level of competency and security required by the State.

**CE-8. Resolution of security concerns.** The implementation of processes and procedures to resolve identified deficiencies impacting aviation security, which may have been residing in the aviation security system and have been detected by the appropriate authority or other appropriate bodies. This includes the ability to analyse security deficiencies, provide recommendations, and support the resolution of identified deficiencies by implementing follow-up procedures to validate the effective implementation of corrective actions, as well as take enforcement action when appropriate.

# ESTABLISHMENT AND IMPLEMENTATION

CE 1 to CE5 (collectively known as ‘establishment CEs’) are mainly related to ‘establishment’, that is, they indicate that the addressed provision must be fully and effectively established within the State’s aviation security oversight system.

CE 6 to CE8 (collectively known as ‘implementation CEs’) are related to ‘implementation’, that is, they indicate that the addressed provision must be fully and effectively implemented within the State’s aviation security oversight system by the relevant operators.

To date, the NCAA has established all five of the Critical Elements that require establishment; however, it is not the same with implementation.

## NCAA’s performance to date

| Critical Elements  | Status as at 1 November 2016   | Performance from 1 November 2016 to 31 March 2018  |
|--|--|--|
| <b>CE-1 Legislation</b>  | The Civil Aviation Act No. 6 of 2016, which was promulgated on 1 November 2016, came into existence; this primary legislation then established the appropriate authority and empowers national Aviation Security Inspectors.   | The Act is in place and the NCAA is established.   |
| <b>CE-2 Aviation security programmes and regulations.</b>                              | Namibia Civil Aviation regulations (NAMCARs) 1998 and 2001 were not domesticating Annex 17 Standards.<br><br>Namibia developed the NCASP, NCASTP and the NQCP, but these documents remained inadequate because of a lack of capacity; for instance, there was no risk methodology.<br><br>There was also no capacity to develop the NATFP. | With the assistance of the European Union and the international air transport association, Namibia developed the NCASP, NCASTP and the NQCP, but these documents still remained inadequate because of a lack of capacity.<br><br>Measures for hold baggage cargo remained inadequate.<br><br>There was still no capacity to develop the NATFP. |
| <b>CE-3 State appropriate authority for aviation security and its responsibilities</b> | Appropriate Authority (AA) not notified to ICAO.<br><br>By 2015, only three inspectors had been trained.<br><br>There were no quality control officers deployed with airport operators and as a result, airport level entities lacked capacity and were not implementing recommendations from the former DCA.                              | Namibia engaged the ICAO Technical Cooperation Bureau (TCB) to assist in developing the structure and to provide roles and responsibilities.   |

|  |   |   |
|--|---|---|
| <b>CE-4 Personnel qualifications and training</b>                                    | <p>Only three NCAA inspectors were trained.</p> <p>No refresher courses were done.</p> <p>There were no internal quality control officers.</p>  | <p>Namibia engaged the ICAO TCB assistance section to assist in developing its own training materials, to establish its own record management system, and to help develop the certification process for AVSEC instructors.</p> <p>Namibia benefited from the use of qualified instructors to achieve its training requirements and to put in place the skill levels required to carry out security measures.</p>  |
| <b>CE-5 Provision of technical guidance, tools and security-critical information</b> | <p>The National Civil Aviation Security Programme (NCASP) was not approved and therefore the guidance material could not be distributed to airport operators.</p>   | <p>The European assistance team developed some technical guidance tools.</p>  |
| <b>CE-6 Certification and approval obligations</b>                                   | <p>The airport operator's security programmes were not approved because the approved NCASP was not in place.</p>  | <p>Namibia benefited from the development of a national AVSEC instructors certification system and the establishment of a national training system that includes a separation of those stakeholders who provide training from those that certify screeners, instructors and inspectors.</p>   |
| <b>CE-7. Quality control obligations.</b>  | <p>AVSEC personnel lacked technical capabilities to provide quality control measures prior to 1 November 2016.</p> <p>The regulations did not provide for enforcement powers.</p> <p>Airport operators were not implementing recommendations from NCAA.</p>                 | <p>The ICAO TCB assistance team helped AVSEC to ensure that they are able to implement all processes, such as surveys, audits, tests and inspections. However, implementation and enforcement remain a challenge. Inspectors still require adequate knowledge levels as well as experience to master the skills.</p> <p>The regulations still did not provide enforcement powers.</p> <p>Airport operators are still not implementing recommendations from NCAA.</p>  |
| <b>CE-8. Resolution of security concerns</b>   | <p>There are security concerns at airports, such as screening points are too constricted; there is mixing of arriving and departing passengers; baggage make-up areas are not secure; imports and exports at cargo are mixed; there is contamination of screened cargo.</p> | <p>Namibia benefited from the development and maintenance of a record management system that registers and monitors measures, identifies deficiencies and monitors corrective action plans, as well as enforcement measures and follow-up actions.</p> <p>Generally there was no capacity to develop and implement contingency plans. ICAO helped develop the contingency, but implementation remains a challenge.</p> <p>Development and implementation of the Air Transport Facilitation Programme remains a challenge.</p> |

# SURVEILLANCE ACTIVITIES UNDERTAKEN



One of NCAA's primary mandates is to ensure that we carry out security surveillance over the activities of all the participants in the civil aviation security system and ensure that we ensure compliance with the standards in Annex 17 and Annex 9. These standards require that we ensure that all airports serving civil aviation have established and implemented Airport Security Programmes in line with the requirements as set out in the National Aviation Security Programme.

In Namibia, the geographical distances between airports serving civil aviation make it challenging to execute our mandate. This situation is compounded by limitations in resources (human, technical and material), which makes it almost impossible to have all airports in Namibia constantly under our radar.

The Surveillance Plan depicted in the table below shows the activities the AVSEC Inspectorate undertook during the period under review.

| 1 Nov 2016–31 Mar 2017 |         |        |            |        |         |        |             |        |                |
|------------------------|---------|--------|------------|--------|---------|--------|-------------|--------|----------------|
|                        | Audit   |        | Inspection |        | Surveys |        | System Test |        | Investigation  |
|                        | Planned | Actual | Planned    | Actual | Planned | Actual | Planned     | Actual | Actual         |
| Airports               | 2       | 1      | 16         | 9      | 0       | 0      | 2           | 2      | 1              |
| Airlines               | 5       | 1      | 16         | 9      | 0       | 0      | 2           | 1      | 1              |
| Ground Handling Agents | 2       | 1      | 16         | 9      | 0       | 0      | 2           | 2      | 0              |
| 1 Apr 2017–31 Mar 2018 |         |        |            |        |         |        |             |        |                |
|                        | Audit   |        | Inspection |        | Surveys |        | System Test |        | Investigations |
|                        | Planned | Actual | Planned    | Actual | Planned | Actual | Planned     | Actual | Actual         |
| Airports               | 6       | 5      | 16         | 12     | 7       | 1      | 8           | 5      | 1              |
| Airlines               | 7       | 6      | 15         | 15     | 1       | 1      | 2           | 0      | 0              |
| Ground Handling Agents | 6       | 5      | 25         | 21     | 7       | 1      | 4           | 2      | 0              |

# CONCLUSION

**AVSEC is scheduled to be audited under USAP-CMA from 18 to 28 November 2018. The target is to achieve a 72 per cent average, which is above the world average mark.**

Overall, there is a need to create an enabling environment from which the AVSEC unit can tap knowledge in order to create a sustainable and compliant AVSEC regulatory framework. For this reason, the NCAA resolved to engage an AVSEC consultant in addition to the existing ICAO Project expert.

There is also an urgent need to domesticate all Annex 17 standards in the local AVSEC regulations to ensure that they are promulgated before the audit.

In addition, there is need to enforce compliance. The NCAA should be able to carry out all certification obligations, including the certification of screeners and instructors. This means that National Inspectors should be granted credentials to enable them to enforce compliance.

Last but not least, there is need to enlist political will to compel the implementation by operators and State actors at Namibia's airports to ensure and enhance security measures to the benefit of the Namibian nation at large.



# SECTION 4

A photograph of a worker in a yellow safety vest and blue shirt working on a large, orange, curved structure, possibly part of an air traffic control tower or navigation aid. The worker is standing on a metal platform and is reaching up to adjust or inspect a horizontal orange pipe. The background is a clear blue sky. The text 'OFFICIAL' is visible on the worker's vest.

ENSURING SAFE  
AND EFFICIENT  
AIR TRAFFIC  
FLOWS

## Background to Air Navigation Services

Given Namibia's location, its size and the large distances between population centres, air transport is critical for both domestic and international travel.

Furthermore, international overflights to and from other states are a key driver for air navigation services in addition to the domestic and international air transport demand.

NCAA is the provider of Air Navigation Services (ANS) for 825,615 square kilometres of airspace.

To ensure the safe and expeditious flow of air traffic, a total of 38 Air

Traffic Control Officers work around the clock, behind the scenes, to handle approximately 71,000 aircraft movements in a year within Namibia's Flight Information Region (FIR), as well as the civil aerodromes within Namibia.

The objective of NCAA ANS is to achieve operational safety, capacity and efficiency of the highest level.

Following the promulgation of the Act, the State transferred the entire air navigation infrastructure previously owned and operated by the DCA to the NCAA in order for the NCAA ANS to fulfil its mandate and obligations.



**The objective of the Air Navigation Services is to provide safe and efficient air traffic flows of both domestic and international flights.**



# SERVICES PROVIDED

## FOUR TYPES OF SERVICES

The ANS provides services to air traffic during all phases of operations: aerodrome control, approach control and en-route, comprising of four types of services:

- Air Traffic Services (ATS), including air traffic management
- Communication, Navigation and Surveillance Services
- Aeronautical Information Services, and
- Search and Rescue Services.

Air Traffic Control is part of ATS and its main function is to prevent collisions between aircraft in flight and between aircraft and obstructions on the manoeuvring area. Air traffic control also maintains a safe, orderly and efficient flow of air traffic and issues clearances for taxiing, take-off and landing, various in-flight instructions to aircraft and applies separation standards between aircraft in flight.

NCAA is dependent on the Namibia Meteorological Services (NMS), a Division of the Ministry, to provide ANS services and a Letter of Agreement as required by ICAO standards was signed with NMS during the 2017/18 financial year.

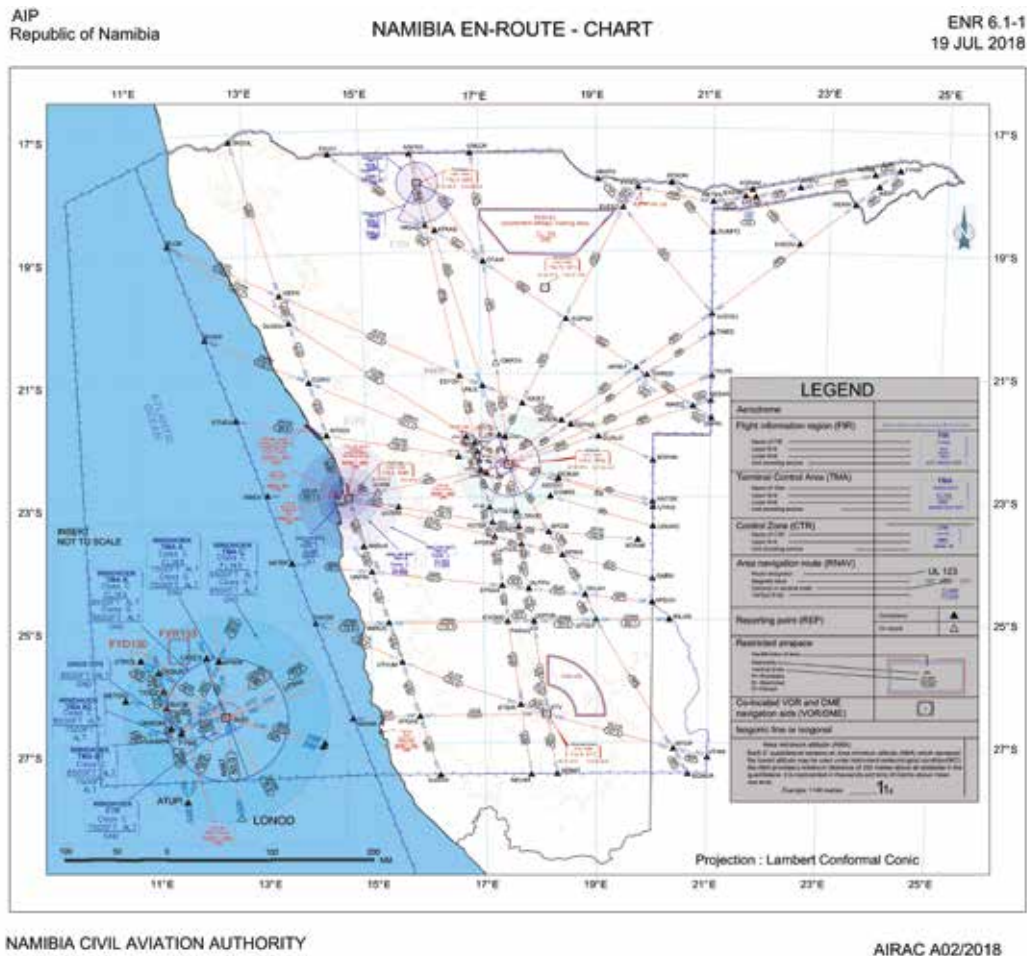
Although our safety oversight and other services are mainly aimed at the travelling public at large, we serve the following five categories of airspace users:

- Licensed technical personnel, airport operators and aircraft maintenance operators
- Commercial airlines and commercial air cargo carriers
- Business aircraft
- General aviation (which includes recreational aircraft), and
- State/military aircraft.



# NAMIBIA'S AIRSPACE

The Windhoek Flight Information Region (FIR) is illustrated below.



The airspace is classified as follows:



## Class A

All controlled airspace above FL145 up to FL460



## Class C

All controlled airspace FL145 and below (regulated airspace only)



## Class G

Between ground and FL145 (except for regulated airspace) and between FL460 and FL650



The Zambezi Strip airspace between FL145 and FL650 is delegated to Botswana and a portion of the oceanic airspace is delegated to Johannesburg.



Separations in controlled airspace where a surveillance service is provided are 10nm in the en-route environment, and 5nm in the terminal environment.



## Air Traffic and Aeronautical Information Services

One of the primary mandates of NCAA through ANS is to ensure that aeronautical data and aeronautical information necessary for the safety, regularity and efficiency of air navigation are made available in a form suitable for the operational requirements of the Air Traffic Management (ATM) community, including:

- Those involved in flight operations, including flight crews, flight planning and flight simulators; and
- The air traffic services unit responsible for flight information service and the services responsible for pre-flight information.

ANS has to receive, collate or assemble, edit, format, publish/store and distribute aeronautical data and aeronautical information concerning the entire territory of Namibia, as well as those areas over the high seas in which the state is responsible for the provision of air traffic services.

This mandate is carried out by obtaining aeronautical data and aeronautical information that enable ANS to provide pre-flight information service and to meet the need for in-flight information from the aeronautical information services of other Member States and from other sources that may be available.



## The ANS provides a full complement of air traffic and aeronautical information services in the Windhoek FIR, more specifically as follows:

- Aerodrome control at Hosea Kutako, Walvis Bay, Eros, Lüderitz, Ondangwa and Katima Mulilo Airports  
The area procedural and radar, approach procedural and radar, and flight information service are provided from the Windhoek Air Traffic Control Centre (ATCC) located at Eros airport in Windhoek, while the approach procedural service is provided from the Walvis Bay tower.
- Approach procedural and radar service for Hosea Kutako Airport
- Approach procedural service for Walvis Bay airport  
The aerodrome services are provided from the towers located at the respective airports.
- Area procedural and radar service for the Windhoek FIR  
The aeronautical information service is provided from the Aeronautical Information Service Centre (AISC), also located at Eros airport.
- Flight information service for the Windhoek FIR
- Search and Rescue services, and
- Aeronautical Information Services.

## How we performed.

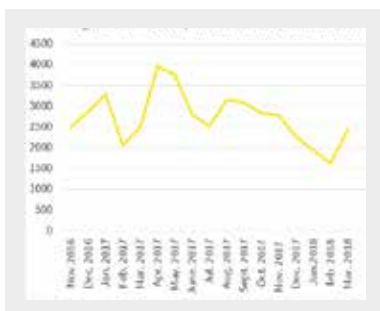
Evaluating the number of Flight Plans filled during the reporting period, it shows a fluctuating trend on the number of flight plans filled. Understandably, more flight plans were filled during the higher season and fewer during the low season.

Assessing the Notices to Airmen (NOTAMs) promulgated over the same 16-month period, it shows a decline in the number of NOTAM issued from April 2017 to August 2017, and an increase thereafter. This means that the alert to aircraft pilots of any hazards en route or at a specific location reduced from November 2016 to August 2017, increased substantially in September 2017 and then

again in November 2017. An average of 84 NOTAM were promulgated monthly.

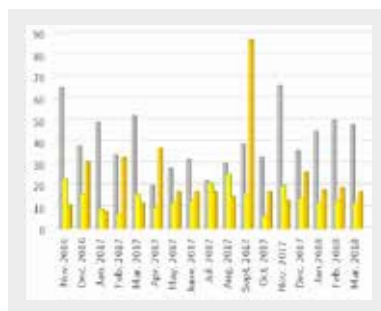
On a year-to-year basis, the number of NOTAM promulgated in February 2017 and March 2017 compared with February 2018 and March 2018 indicates a 2 per cent increase in February and a 1 per cent decrease in March respectively.

An evaluation of the Overflight and Landing Permits issued in the 16-month period shows a fluctuating trend, reflecting the seasonality of the tourism market, and mirrors the number of Flight Plans filled.



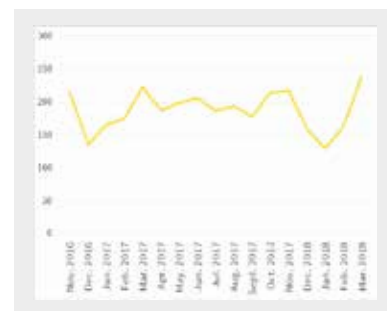
FILED FLIGHT PLANS

Filed Flight Plans over the period of 16 months



NOTICES TO AIRMEN

NOTAM promulgated over the period of 16 months



OVERFLIGHT AND LANDING PERMITS

Overflight and landing permits issued over the period of 16 months

## Africa-Centralised Aeronautical Database



**With the aim of improving and harmonising the procedures and delivery of aeronautical data in Namibia and globally, the NCAA ANS is in the process of implementing the first phase of the Africa Centralised Aeronautical Database (A-CAD), as per ICAO initiative. The A-CAD contributes to safety, economics, uniformity and quality on the African continent and worldwide.**

Aiming to deliver a high-quality aeronautical information to the aviation community and providers, this centralised database offers users validated dynamic and static aeronautical data. As a fully integrated, single source solution, the A-CAD gives immediate access to digital aeronautical information.

The implementation of A-CAD made Digital Integrated Briefings possible, which will enable the availability of all the necessary information in fully digital format. The current pre-flight and in-flight flight crew briefing services are based on the provision of a bulletin containing the text of the NOTAM Pre-Flight Information Bulletin (PIB) that might be of interest for that flight.

Due to the constant increase in the complexity and dynamicity of the ATM environment, the PIB are growing in size. The risk that some really important information is overlooked is growing, because of the amounts of non-relevant information that is contained in the PIB.

The introduction of Digital NOTAM will enable radical improvements in the pre-flight briefing products and services. The Digitally Enhanced Pre-flight Information Bulletin (ePIB) will replace the traditional PIB, with the information being significantly better organised (per-phase of flight) and presented (graphically, as much as possible).

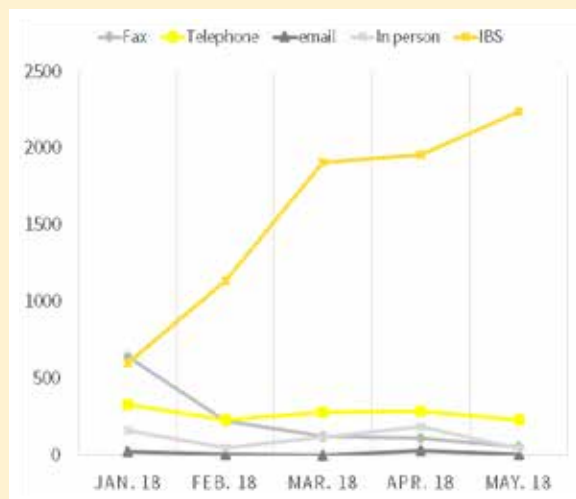
This will also allow a better integration between the aeronautical and the meteorological data for

each phase of flight. The increased availability of air-ground data link channels will allow in-flight updates to be provided, ensuring that flight crews can maintain their awareness of the status of the ATM system and of the meteorological situation along the intended trajectory for the whole flight duration.

Since the implementation of Internet Briefing Services on 9 January 2018, NCAA ANS has seen a tremendous increase in the use of Internet Briefing Services as a mode of filing of flight plans and self-briefing. This means that pilots and dispatchers preferred to file their flight plans and brief themselves via the Internet Briefing Services compared to traditional mode of filing, which are by a fax, telephone, in person or email, as indicated by the figure below.

### Mode of filing flight plans

Comparison of mode of filing flight plans after the implementation of Internet Briefing Services



## Navigation System

**The Windhoek FIR is well suited to Area Navigation (RNAV) and Performance Based Navigation (PBN) given the limited ground-based navigation infrastructure across the FIR.**

In this context, a PBN Implementation plan was developed and approved in 2015, was lodged with the ICAO Regional Office and is in the process of being implemented.

Namibia's transition to PBN is based upon:

Maintaining the present area navigation capability while transitioning to using the ICAO PBN specifications.

Introduction of limited APV Capability through the use of Baro-VNAV.

Utilise GNSS as the enabler for the implementation of PBN where possible.

Namibia's PBN Implementation encompasses the AFI Regional Performance Based Navigation Implementation Plan.

PBN flight procedures have been published for Hosea Kutako and Eros Airports, and are being finalised for Walvis Bay and Lüderitz and will be developed for other airports where necessary in the future.





# AIR TRAFFIC MOVEMENTS



## A mix of departures, arrivals and overflights

The Air Traffic Movements (ATM) in Namibia comprise a mix of domestic departures and arrivals (approximately 60 per cent), international arrivals and departures (approximately 22 per cent) and international overflights (approximately 18 per cent).

Figure 5 shows the monthly totals for the ATM in the Windhoek FIR. Figure 6 shows ATM at the three busiest airports in Namibia for the reporting period.

Domestic traffic is seasonal, dependent on the tourism industry, and comprises largely of commercial general aviation operators servicing the tourism and charter industry.

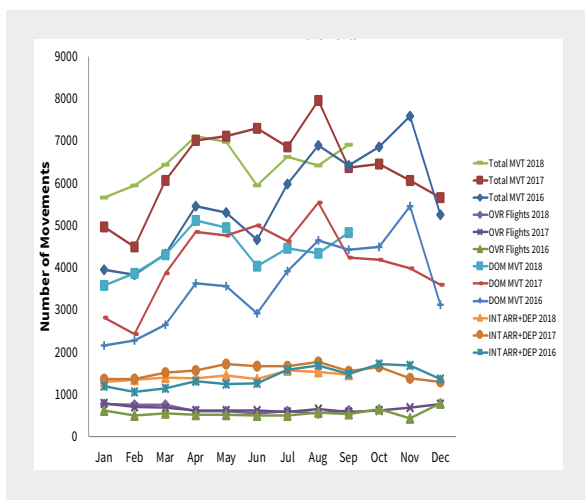
Traffic movement volume is at its peak between the months of August and November, and lowest during the months of December and January. However, there has been an increase in average monthly air traffic movements recorded during the reporting year.

The movement trend in the first four months of 2018 is that international arrivals and departures as well as overflights are at the similar levels generally as in the previous two years, while domestic flights show an increase.

The traffic peak is driven by international and domestic arrivals and departures. Scheduled airline flights connect regional centres, while international arrivals, departures and overflights remain relatively constant throughout the year.

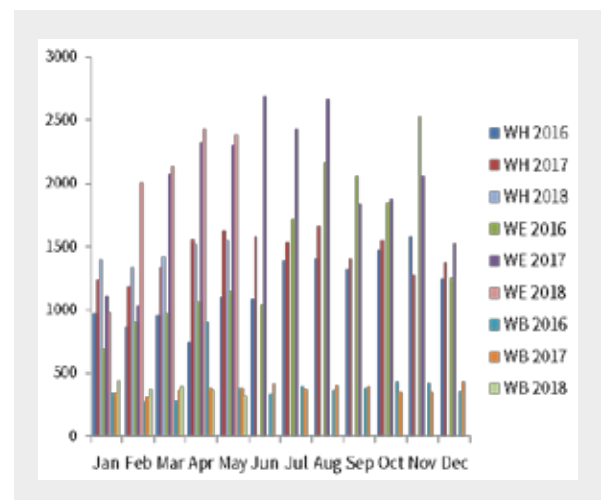
Eros Airport is the country's busiest airport with an average of 68 movements per day, followed by Hosea Kutako International Airport with an average of 48 movements per day, and Walvis Bay International Airport with an average of 12 movements per day.

Air traffic movements at other airports where Air Traffic Services (ATS) are provided range from an average of six to less than two movements per day.



WINDHOEK FIR

Air traffic movements in the Windhoek FIR.



WINDHOEK, EROS AND WALVIS BAY

Air traffic movements at the airports in Windhoek, Eros and Walvis Bay.



# ICAO AVIATION SYSTEM BLOCK UPGRADE (ASBU) IMPLEMENTATION PLAN

The Global Air Navigation Plan's (GANP) Aviation System Block Upgrades (ASBU) methodology is a programmatic and flexible global systems engineering approach that allows all ICAO Member States to advance their air navigation capacities based on their specific operational requirements.

The Block Upgrades will enable the world's aviation industry to realise the global harmonisation of air space control and navigation, increased capacity and improved environmental efficiency that modern air traffic growth now demands in every country around the world.

The approach that the NCAA ANS division takes regarding the implementation of the GANP is to implement those ASBU elements that are:

- required in terms of regional implementation plans
- relevant and appropriate for Namibia
- essential to ensure the interoperability of the Namibian air navigation system with those of adjacent FIRs, and
- required by the users of air navigation services in Namibia.

In this context it is noted that APIRG/19 adopted, categorised and prioritised 18 ASBU Block 0 Modules for implementation in the AFI region.

The NCAA ANS division has assessed the APIRG categorised and prioritised ASBU Block 0 Modules and identified those applicable to air navigation service provision in Namibia.

The division has identified twelve of the eighteen APIRG-prioritised ASBU Block 0 Modules for implementation according to the criteria it identified as relevant to Namibia. The ANS will lead the implementation of ten of the ASBU Block 0 Modules, while the NCAA Safety Oversight department will lead one module implementation and airport owners/operators will lead one module implementation based on their individual operational requirements.

We will continue to monitor developments in the GANP, regional plans, the operating environment and user needs, and assess whether and when it is appropriate to implement additional Block 0 and/or Block 1 ASBU Modules.

# PLANNING FOR FUTURE SYSTEMS AND TECHNOLOGY

**The future Air Navigation Services to be provided to Namibia’s airspace users will take into account:**

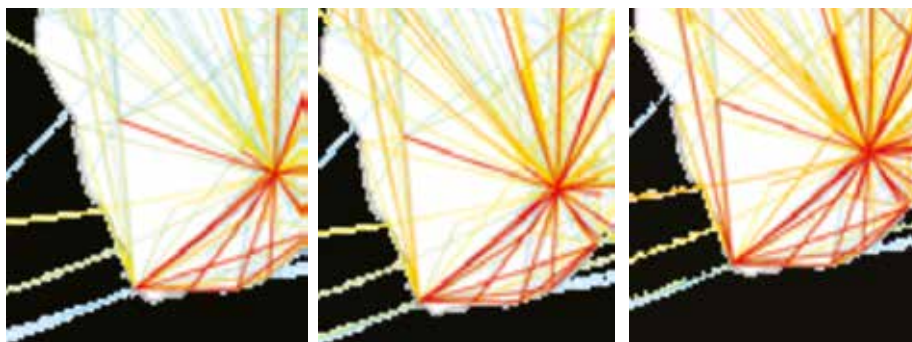
- The requirement for compliance with ICAO SARPS and Namibian Regulations
- Air traffic movement growth which at this point is impacted by the constrained economic growth in the region
- The ICAO Global Air Navigation Plan (GANP) and associated Aviation System Block Upgrades (ASBU) that are relevant to Namibia.
- Regional implementation plans, and
- Services and service standards in neighbouring FIRs.

## Air Traffic Movements

The ATM outlook for Namibia as sourced from the Global Air Navigation Plan (GANP) for 2016 to 2030 is shown below.

It shows an expected increase in international arrivals from states in the region, as well as an increase in international overflights. The ANS will carefully monitor forecast and actual traffic growth in order to continue to provide the necessary capacity to support user needs.

The peak and average demand will determine the number of ATC sectors that are required to be open at any one time, as well as the service hours for each sector and as a consequence impact on the scale of the CNS infrastructure required, as well as the number of air traffic services staff in future.



Year 2010

Year 2020

Year 2030

Legend:

- More than 2100 Flights per annum
- 1001 to 2100 Flights per annum
- 400 to 1000 Flights per annum



## Air Traffic Services

The ANS will review the ATS provided to improve operational efficiency where possible, giving consideration to consolidating approach services in the Windhoek ATCC. It is expected that this will result in the upgrading of the procedural approach service to a radar service in near term.

We also plan to introduce Aeronautical Inter-centre Data Communication (AIDC) services with neighbouring air traffic control centres to improve coordination between the centres and enhance safety. For operational and safety reasons, the PBN flight procedures will be developed where required.

## Aeronautical Information Management

The Aeronautical Information Services will continue with the transition to Aeronautical Information Management Services and, in particular, the provision of a 24-hour service to meet ICAO SARPS and regulatory requirements.

In addition, ANS will progressively roll out the centralised aeronautical database system. The Internet Briefing Service has already been introduced into operations in January 2018, and an aeronautical mapping and charting capability will follow in the 2018/19 reporting year.

## Air Navigation Infrastructure

Looking ahead, the ANS will continue to maintain the current air navigation infrastructure considering the ASBU requirements that are relevant to Namibia.

Maintaining the current air navigation infrastructure into the future includes continuous improvements in the infrastructure to support evolving requirements, as well as renewal and replacement of the various elements at the end of their useful life.

# USER CHARGES

## Reviewing its cost base and user charges

The ANS operates on the internationally accepted 'user pay' principle. During the course of the reporting year the ANS reviewed its cost base and user charges.

Following the review, revised user charges were published for stakeholder and public comment. The ANS extensively engaged and consulted with industry stakeholders and, in particular, with the International Air Transport Association, Airlines Association of Southern Africa and the Aircraft Owners and Pilots Association.

Taking account of the input from the stakeholders, the user charges were again reviewed and adjusted. The proposed user charges were approved by the Minister of works and Transport on recommendation by the Board. The charges were published in August for implementation with effect from 1 December 2018 following confirmation of concurrence by the Minister of Finance, as required by the Civil Aviation Act.



## DECLARATION OF ANS AS AN ESSENTIAL SERVICE

Given the nature of the services provided, the ANS made an application to the Essential Services Committee to have air navigation services in Namibia declared an essential service, as provided for in the Labour Act 2007.

The application was submitted in October 2017 and on 13 June 2018 air navigation services in Namibia were declared an essential service by the Minister of Labour, Industrial Relations and Employment Creation. The declaration includes air traffic services, aeronautical information services, communication, navigation and surveillance service, as well as the aeronautical meteorology service.

## AGREEMENT BETWEEN ANS AND NMS

The Namibia Meteorological Service (NMS) is designated by the Government of Namibia to provide the aeronautical meteorological service for Namibia.

In this context it is prescribed in regulations that the ANS and NMS enter into an agreement related to the provision of meteorological services and infrastructure by the NMS to the ANS.

Through consultation, the parties jointly developed a draft agreement that will be finalised and signed within the course of the next reporting year.

# ANS JOB EVALUATION

During the reporting year, a job evaluation and grading project was undertaken in preparation for the employment of staff by the ANS. ANS staff participated actively in the process, specifically in the job analysis phase and the review of the prepared job descriptions, using the information provided during the analysis.



## AIR TRAFFIC SERVICES INCIDENTS

Different stakeholders have reported ATS related incidents to ANSSO, and ANSSO forwarded the reports to ANS-ATS for investigation and corrective action. A total of 21 ATS related incidents have been reported during the reporting period. Investigations into these incidents have been completed, and corrective action(s) taken.

Two controllers (aerodrome and approach) had to undergo recurrence training during the period from September to October 2017, following the completed respective investigation reports of incidents where their actions or inaction had a bearing. They both successfully completed the recurrence training and have been reinstated.

Incidents involving gliders were reported during December 2017, investigations completed and corrective actions taken.

## ANS BURSARY PROGRAMME

The ANS has a severe shortage of qualified and experienced staff. The ANS developed a bursary scheme in order to address the staff shortage in a structured and sustainable manner that will see Namibian nationals recruited and trained in the various ANS disciplines.

The bursary programme was approved by management and the Board. Following the approval, bids will be invited from qualified service providers to provide the recruitment and selection of training services required for the bursary programme. It is anticipated that recruitment and the selection of up to 26 bursary candidates will take place in the fourth quarter of 2018, with training commencing in the first quarter of 2019.

# SECTION 5



# EMERGING CHALLENGES

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## ADAPTING TO NEW TRENDS

# FLIGHT OPERATIONS

## Unmanned Aircraft Systems (‘Drones’) and Safe Skies

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The NCAA, as is the case with all other civil aviation authorities around the world, is responsible for ensuring aviation safety and protecting the public from aviation hazards.

The rapid increase in the availability and use of remotely piloted aircraft (RPAs)— now more commonly referred to Unmanned Aircraft Systems (UAS) — raises new challenges that were not considered in historic aviation regulatory and safety frameworks.

The use of ‘drones’ are one of the elements deployed as part of UAS.

The danger of drones in terms of potentially causing serious loss of life is growing by the day, and thus ICAO has become directly involved in the evolution of an appropriate regulatory framework.

Namibia is not immune to such developments: a significant number of drones have been imported by tourists to capture and experience our unique environment.

This trend has brought its own procedural challenges to the fore.



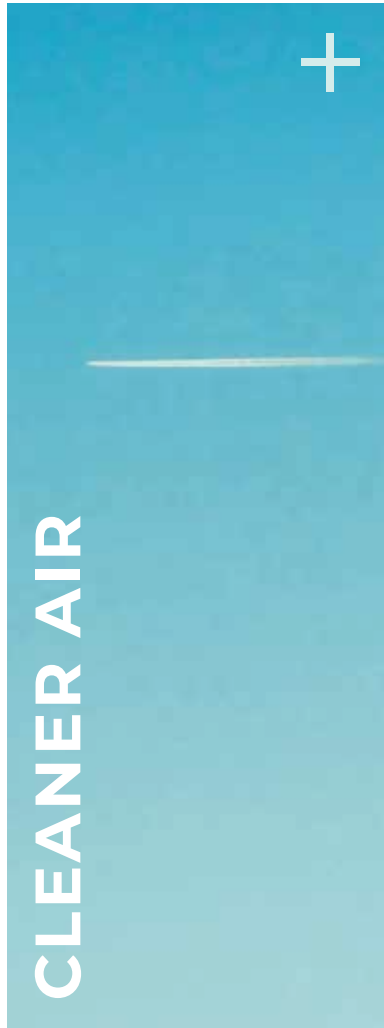
**The rapid increase in the availability and use of ‘drones’ raises new challenges that were not considered in historic aviation regulatory and safety frameworks.**

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The NCAA addresses the matter through the following actions:

1. An authorisation by the Executive Director is required for other than home, leisure or toy usage of UAVs/RPAs (see the application process on the NCAA website [www.dca.com.na](http://www.dca.com.na)). The criteria for permission to be granted upon application depends on the following:
  - the purpose of the intended operation (e.g. monitoring of an architectural or engineering project, sports event filming or for leisure etc.) needs to specified
  - who will operate it (e.g. a trained individual or a 14-year-old child who received it as a birthday gift)
  - where will it be operated (e.g. in a remote location, urban environment, or near an aerodrome)
  - what the weight and speed of it is (considering the kinetic energy if it were to hit an object), and
  - determination of the risk to other aircraft, people and property.
2. The authorisation is limited to Visual Line of Sight usage (VLoS) usage, within a height of 150 feet above surface. Thus, 'Beyond Visual Line of Sight' (BVLOS) rules are still being developed
3. The use of drones near or in the vicinity of key points, such as airports, security establishments and specific public buildings, are expressly prohibited.
4. An international project collaboration with Namibia Pathological Services on a BVLOS project for remote or rural delivery of medicines has commenced
5. Cabinet has authorised the development of new regulations to cover the civilian use of 'drones'. A core aspect of this development is the respect of privacy rights.
6. ICAO Doc 10019 has been issued to serve as guidance material in a country's development of its UAV/RPA regulatory framework. In support of this support network, the NCAA has participated in the completion of surveys being made by ICAO.
7. Several staff members have attended workshops, seminars and meetings to provide capacity building in the ongoing development and application of the new legal and oversight framework provisions.





## Reduction of greenhouse gas emissions

Namibia has made significant progress with the implementation of several initiatives to reduce greenhouse gas emissions in aviation. These include investment in new aircraft technology for airlines and operators, more efficient operations, state-of-the-art-traffic management and infrastructure use.

Namibia and the NCAA recognise the importance of climate change and global warming, and the NCAA has therefore embarked on the implementation of greenhouse gas mitigation measures. Airlines and

operators are clearly benefiting from these, given the significant fuel savings and reductions in greenhouse gas emissions as a result of the implementation of Performance-based Navigation Systems (PBN) and the re-design of Namibia's airspace.

Namibia is amongst 102 ICAO Member States that have voluntarily submitted their State Action Plans for Greenhouse Gas Emissions Reduction in aviation to ICAO.

The Aviation Emissions Working Group (AEWG) is in place to oversee the activities and policies related to these action plans. The committee is composed of all stakeholders, that is, the Namibia Airports Company, Air Namibia, National Petroleum Corporation (NAMCOR), the Ministry of Environment and Tourism and the NCAA. The committee was formed as per ICAO guidance on State Action Plans.

It is envisaged that the NCAA will report on the actions and results of the working group in the next financial year.

# OUR PEOPLE

**The NCAA regards its employees as its biggest assets, and human capital remains the most critical part of the NCAA and its operations.**

The NCAA is committed to striking a balance between the number of operational staff needed to ensure that Namibia is responsive to its safety and security oversight obligations and what is financial feasible, given its commitment to fulfilling its mandate.

During the reporting period, the Authority was staffed by a combination of MWT (DCA)-seconded personnel and 'national' staff contracted through ICAO. Additional staffing was provided by contracted staff, International Advisors and Operational Experts.

Our staffing objective for the next financial year is to focus on achieving appropriate levels of staffing as determined by each operational unit.

The NCAA has an approved staff structure of 222 positions for the 5-year Business and Financial Plan period 2017/18-2021/22.

The recruitment and continuous training of personnel, including licensed air traffic controllers, is a significant area of focus for the NCAA.

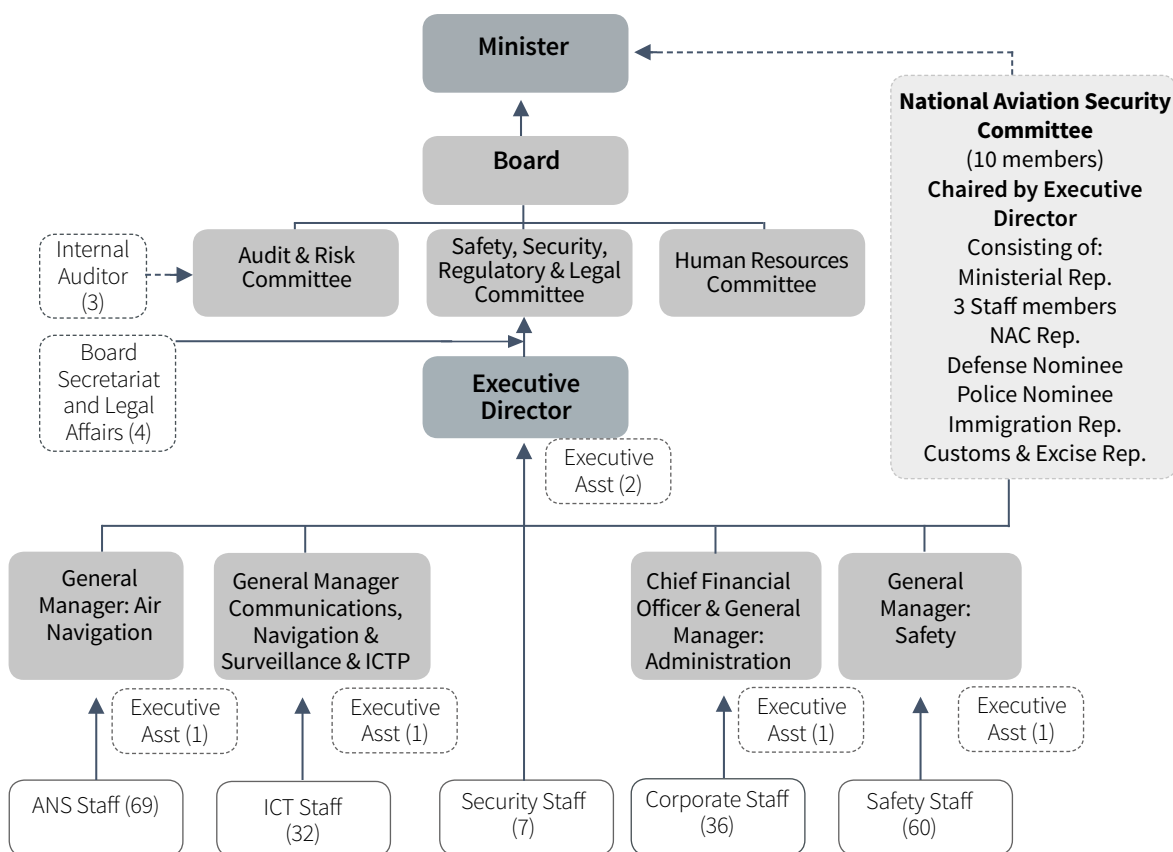


SECTION 6

The recruitment and continuous training of personnel, including licensed air traffic controllers, is a significant area of focus for the NCAA.

## Organisational Structure

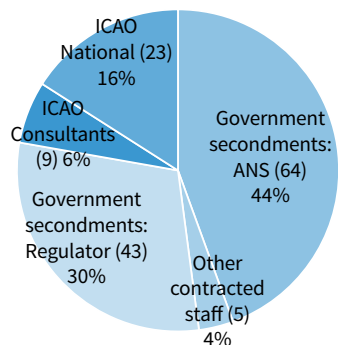
NCAA's organisational structure is depicted in the organogram below.



**National Aviation Security Committee**  
 (10 members)  
 Chaired by Executive Director  
 Consisting of:  
 Ministerial Rep.  
 3 Staff members  
 NAC Rep.  
 Defense Nominee  
 Police Nominee  
 Immigration Rep.  
 Customs & Excise Rep.

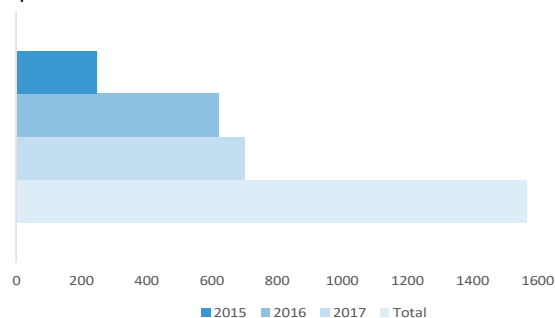
## Current Staff Complement

The current staff complement is as follows:



## ICAO Training Delivered

The number of training days delivered to Namibian nationals by the ICAO international experts are as follows:



## Celebrating the establishment of the NCAA

On 1 November 2016, the NCAA was official launched and the Board of Directors inaugurated at a function hosted by the former Minister of Works and Transport, Hon. Alpheus G !Naruseb.



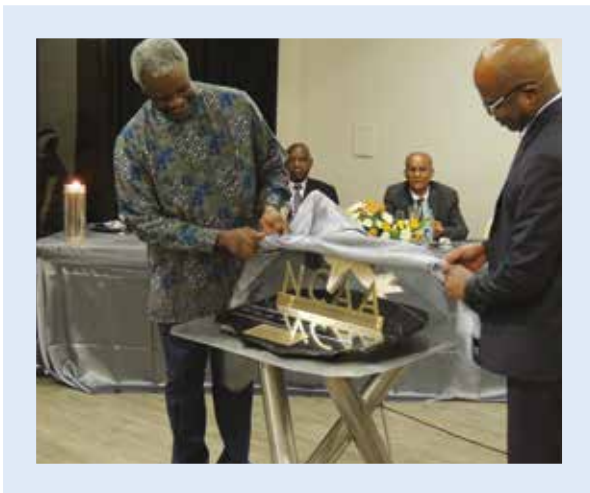
### Guests of honour

The newly inaugurated Board of Directors, flanked by the Deputy Minister of Works and Transport, Hon. Sankwassa J Sankwassa, Speaker of the National Assembly, Hon. Margaret Mensah-Williams, former Deputy Minister of Public Enterprises, Hon. Engel Nawatiseb, former Permanent Secretary of the Ministry of Works and Transport, Mr Willem Goeiemann, and the Shareholder Minister.



### The Board of Directors

Members of the Board of Directors, officially welcomed by the Shareholder Minister and Permanent Secretary.



### Unveiling of NCAA logo

Hon. Alpheus G !Naruseb, unveiling the NCAA's new logo, aided by the Chairperson, Mr Kosmas Egumbo.

**During the reporting period, the NCAA participated in several important events for the Authority.**

Since the establishment of the NCAA, it has been an exciting time, despite numerous challenges to ensure the sustainability of the Authority, and we had many occasions to celebrate.



### UN Day Celebration 2017

Exhibition of all agencies within the United Nations operating in Namibia. The ICAO was represented by the NCAA as the special UN agency for aviation. The event was attended by dignitaries from all diplomatic missions while schools were also invited to attend to expand their knowledge of the aviation industry.



### Celebrating NCAA's first anniversary

The NCAA celebrated its first anniversary on 1 November 2017. Dr George Simataa (PhD), the Secretary to the Cabinet, Office of the Prime Minister, was the guest of honour at this special occasion. He shared highlights of the findings of his thesis which focused on the initiatives undertaken by the then Directorate of Civil Aviation of Namibia over the period 2008 to 2014 to secure talent for aviation safety.



### Dr Simataa's PhD thesis

At the first anniversary celebrations, Dr George Simataa donated a copy of his PhD thesis to the NCAA's library for future reference purposes. (Fltr) Chairperson Kosmas Egumbo, Executive Director Angeline Simana, Deputy Minister of Works and Transport, Hon. Sankwassa J Sankwassa, and Dr George Simataa.

# SECTION 7

## CORPORATE GOVERNANCE AT NCAA



### Corporate Governance Framework

The Authority's governance system is firmly aligned with the Namibia Civil Aviation Act, Act 6 of 2016, and reflects all legislation and policies directly affecting the NCAA. The system incorporates governing and risk management arrangements, policy setting, internal and external communication.

The Act requires that the Board of the NCAA must ensure good corporate governance and proper management and control of its affairs when it formulates policies and strategies. This includes auditing arrangements, quality assurance, the appointment of management of delegates and authorised persons, approved performance standards, and that it has adequate systems of internal control.

Given the aforementioned, compliance requirements extend to directives issued by the Ministry of Public Enterprises in accordance with the Public Enterprises Governance Act, the State Finance Act of 1991, and the Authority's regulatory oversight of owners acting under the Companies Act of 2004 (such as Air Namibia), as well as the Namibian Airports Company Act of 1998, among others.

The Board always strives to interface with stakeholders and recognises the aviation industry's competing needs of air navigation services providers, Government, commercial air carriers, general aviation and aerodrome operators and employees, without losing sight of its regulatory function.



**The Board always strives to interface with stakeholders and recognises the aviation industry's competing needs of air navigation services providers, Government, commercial air carriers, general aviation and aerodrome operators and employees, without losing sight of its regulatory function.**

## Board of Directors

The Board has been constituted in accordance with the provisions under section 12 of the Act.

The Board of Directors comprises four non-executive Board Members and the Executive Director, and four alternate members. The Board discharges its fiduciary responsibilities directly and through committees according to provisions of the Act.

Every director is required to periodically sign a declaration of interest and to declare at every meeting of the Board or any Board Committee any likely conflict regarding a matter before the Board/Committee.

The Board is appointed for a term not exceeding four years, except for the Chairperson whose term of office is for five years. Any member may be re-appointed after the end of their term, but may not be appointed for more than three consecutive terms.

The Executive Director holds office by virtue of being employed as chief executive officer of the NCAA.

The Executive Director's term of office on the Board is determined by his/her period of contract as employee in this capacity.

In accordance with the competency requirements set out in the Act, the Board of Directors must hold recognised qualifications relevant to the operations, management, security or regulations of civil aviation, and two of the Board members must hold recognised legal and financial management qualifications with associated experience of not less than seven years each, and are required to be Namibian citizens.

The Board held nine Ordinary and Special Meetings over the reporting period. The minutes of each of such meetings have been completed and scrutinised by the independent auditors for purposes of financial and management reporting. (See Section 8, Annual Financial Statements.)

Compensation for the Board, reflected in the Income Statement of the Annual Financial Statements (See Section 8), include prescribed sitting and retainer fees, payment for chairing Board Committees, reimbursement of travel and related business expenses, among others.

The Board is composed of the following members:

| Name & Surname             | Capacities  | Term Expiry<br>(with effect from) |
|----------------------------|---|-----------------------------------|
| Mr Kosmas Egumbo           | Chairperson<br>(Member of the Audit & Risk Committee)   | 2 <sup>nd</sup> November 2021     |
| Mr Reinhard Gärtner        | Deputy Chairperson<br>(Chairperson of the Safety, Security, Regulatory & Legal Committee)                                 | 2 <sup>nd</sup> November 2020     |
| Ms. Matilda Jankie         | Board Member<br>(Chairperson of the Human Resources Committee)<br>Member: Safety, Security, Regulatory & Legal Committee) | 2 <sup>nd</sup> November 2020     |
| Mrs. Emma Kantema-Gaomas   | Board Member<br>(Chairperson of the Audit & Risk Committee; Member: Human Resources Committee)                            | 2 <sup>nd</sup> November 2020     |
| Ms Uanjengua Katjjuanjo    | Alternate Board Member; and<br>Member: Audit & Risk Committee   | 2 <sup>nd</sup> November 2020     |
| Mr Ignatius Thudinyane     | Alternate Board Member; and<br>Member: Human Resources Committee  | 2 <sup>nd</sup> November 2020     |
| Ms Uno Katjipuka-Sibolile  | Alternate Board Member; and<br>Member: Safety, Security, Regulatory & Legal Committee                                     | 2 <sup>nd</sup> November 2020     |
| Ms Angeline Simana         | Executive Director – ex officio   | 1 <sup>st</sup> January 2019      |
| Vacancy – alternate member |   |                                   |



## Board Committees

As provided for in section 20 of the Act, the Board has established three Board Committees, with each having an approved terms of reference to efficiently manage the Authority's business.

The Board committees are chaired by Board members and may invite attendance of other persons with the necessary knowledge and skills in specified instances.

The Committee system is structured as follows:

| Name of Committee   | Membership                       | Number of meetings attended |
|---|----------------------------------|-----------------------------|
| <b>1. Safety, Security, Regulatory and Legal Committee</b><br>To advise the NCAA Board in the exercise of its powers and performance of its functions in relation to the safety, security, regulatory and legal matters.  | Mr R Gärtner: Chairperson        | 8                           |
|   | Ms M Jankie                      | 7                           |
|   | Ms U Katjipuka                   | 6                           |
| <b>2. Human Resources Committee</b><br>To oversee the implementation of both the human resources strategy and the remuneration strategy to ensure performance, as well as to attract, retain and motivate human resources of a standard and calibre on which the Authority depends.   | Ms M Jankie: Chairperson         | 7                           |
|   | Ms E Kantema-Goamas              | 5                           |
|   | Mr I Thudinyane                  | 4                           |
| <b>3. Audit and Risk Committee</b><br>To safeguard assets, evaluating internal control frameworks, ICT governance and ensuring that financial and non-financial risks are managed. It also monitors the accuracy of the financial statements and oversees the financial reporting process in order to ensure the management of financial risk is carried out. | Ms E Kantema-Goamas: Chairperson | 3                           |
|   | Mr K Egumbo                      | 4                           |
|   | Ms U Katjipuka-Sibolile          | 4                           |

## Achievements: Strategic Policy developments

The Board has ensured the development, through both internal and external consultations, of the following major policies, directives and guidelines:

| Policy Resolutions Developed and Adopted  | Date                                       |
|---|--|
| Declarations of Interest formats  | December 2017                              |
| Committee governance structures   | November 2016 / December 2016              |
| Statutory appointments: sections 24 (Executive Director) and 49 (Head: ANS)                   | November 2016, April 2017 & June 2017      |
| The Accounting Policy framework (including Chart of accounts)                                 | November 2016                              |
| Overhaul of the NAMCARS project   | December 2016 / October 2017 (revised)     |
| NCAA Organisational Structure   | February 2017 (under revision for 2018)    |
| Staff member (secondments from MWT)   | Revised April 2017/June 2017               |
| Business and Financial Plan 2017/18-2021/22   | April 2017 / February 2018 (revised)       |
| Performance Statement 2017  | April 2017 (revised in January 2018)       |
| NCAA Organisational Structure   | February 2017 (under revision for 2018)    |
| Revision of user (service) fees (NAMCARS amendments)  | April 2017                                 |
| Delegation of Authority and Assignments Policy (by the Board to Executive Director and staff) | May 2017                                   |
| External Auditors appointment   | June 2017                                  |
| Human Resources policy (including Staff Charter)  | August 2017                                |
| Enterprise Risk Management Policy, Framework and Guidelines                                   | December 2017                              |
| Budget Frameworks 2017/18; 2018/19  | January 2017/February 2018                 |
| Charges – Revision policy framework and proposals (NAMCARS amendments)                        | August 2017 / February 2018                |
| ICAO /TCB Management Services Agreement (2008) – revisions policy and directives              | December 2016 / August 2017 / October 2017 |
| Performance agreements – framework  | December 2017                              |
| NCAA Subsistence and Travel Policy  | December 2017 /February 2018 (revised)     |
| Job Grading and Evaluation Policy (commencement)  | February 2018                              |

### Training, Orientation and Induction

A Board-level induction meeting was held on 10 December 2016. An orientation programme for new directors were put in place to assist them in familiarising themselves with the business of the NCAA, its Board and Committees, other directors and assisting them in understanding their responsibilities, thereby enhancing their ability to contribute to NCAA.

To maintain effectiveness, Board members attended training in areas such as Civil Aviation Management and Aviation Leadership Programmes offered by the Singapore Civil Aviation Academy.

### Company Secretary

The Board is supported by the Company Secretary whose role is to ensure the efficient administration of Board governance and that decisions of the Board of Directors are implemented. During the reporting period, the interim corporate function was assigned to NCAA legal officers, namely Mr Gordon Elliot and Mr Christopher Seimelo.

# SECTION 8

# ANNUAL FINANCIAL STATEMENTS

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**FOR THE PERIOD  
ENDED 31  
MARCH 2018**



## DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The directors of the Authority are responsible for the maintenance of adequate accounting records and the preparation and integrity of the financial statements and related information. The financial statements have been prepared in accordance with International Financial Reporting Standards. The Authority's independent external auditors have audited the financial statements and their report appears on pages 95 to 97.

The directors are also responsible for the systems of internal control. These are designed to provide reasonable but not absolute assurance as to the reliability of the financial statements, and to adequately safeguard, verify and maintain accountability of assets, and to prevent and detect material misstatement and loss. The systems are implemented and monitored by suitably trained personnel with an

appropriate segregation of authority and duties. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the period under review.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the authority's cash flow forecast for the period to 31 March 2019 and, in light of

this review and the current financial position, they are satisfied that the Authority has access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements are prepared on a going concern basis. Nothing has come to the attention of the directors to indicate that the Authority will not remain a going concern for the foreseeable future.

## DIRECTORS' APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

The annual financial statements set out on pages 92 to 116, which have been prepared on the going concern basis, were approved by the board of directors on 30 June 2018 and are signed on their behalf by:



Chairperson



Director

## *Independent auditor's report*

To the Ministry of Works and Transport

### **Report on the Audit of the Annual financial statements**

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#### *Qualified opinion*

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Namibia Civil Aviation Authority (the Authority) as at 31 March 2018, and its financial performance for the period then ended in accordance with International Financial Reporting Standards and the requirements of the Civil Aviation Act, 2016.

#### **What we have audited**

Namibia Civil Aviation Authority's financial statements set out on pages 98 to 116 comprise:

- the directors' report for the period ended 31 March 2018;
- the statement of financial position as at 31 March 2018;
- the statement of comprehensive income for the period then ended;
- the statement of changes in equity for the period then ended;
- the statement of cash flows for the period the ended
- the notes to the financial statements, which include a summary of significant accounting policies.

#### *Basis for qualified opinion*

The Authority's accounting records did not provide sufficient audit evidence supporting completeness of revenue due to fact that flight's scripts were only available for inspection for a period of 12 months and not for the 17 months period under review. There were no satisfactory audit procedures that we could have performed to obtain reasonable assurance that revenue was completely recorded. As a result, we were unable to determine whether any adjustments would be required in respect of recorded or unrecorded sales and the related elements making up the statements of financial position, statement of profit or loss and other comprehensive income and changes in equity and cash flows.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Independence**

We are independent of the Authority in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A & B) and other independence requirements applicable to performing audits of financial statements in Namibia. We have fulfilled our other ethical responsibilities in accordance with this and in accordance with other ethical requirements applicable to performing audits in Namibia

#### *Other information*

The directors are responsible for the other information. The other information comprises information included in the financial statements of Namibia Civil Aviation Authority for the period ended 31 March 2018. Other information does not include the financial statements and our auditor's report thereon.

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*PricewaterhouseCoopers, Registered Auditors, 344 Independence Avenue, Windhoek, P O Box 1571, Windhoek, Namibia Practice Number 9406, T: +264 (61) 284 1000, F: +264 (61) 284 1001, www.pwc.com/na*

Country Senior Partner: R Nangula Uaandja

Partners: Carl P van der Merwe, Louis van der Riet, Ansie EJ Rossouw, Chantell N Husselmann, Gerrit Esterhuysen, Samuel N Ndahangwapo, Hans F Hashagen, Johannes P Nel, Trofimush Shapange, Nelson Lucas

Our opinion on the financial statements does not cover the other information and we do not and will not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### *Responsibilities of the directors for the financial statements*

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Civil Aviation Act, 2016, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Authority or to cease operations, or have no realistic alternative but to do so.

### *Auditor's responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Authority to cease to continue as a going concern.

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*PricewaterhouseCoopers, Registered Auditors, 344 Independence Avenue, Windhoek, P O Box 1571, Windhoek, Namibia Practice Number 9406, T: + 264 (61) 284 1000, F: +264 (61) 284 1001, [www.pwc.com/na](http://www.pwc.com/na)*

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- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

---

*Split of Financial information relating to safety and oversight*

The split of the financial information relating to safety and oversight set on throughout the financial statements is not required by the Civil Aviation Act, 2016 and hence is presented as additional information. We have not audited this split relating to safety and oversight and accordingly do not express an opinion thereon.

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**PricewaterhouseCoopers**  
**Registered Accountants and Auditors**  
**Chartered Accountants and Auditors (Namibia)**

**Per: Samuel N Ndahangwapo**  
**Partner**

**Windhoek**

**Date: 30 June 2018**

# REPORT OF THE DIRECTORS

## for the period ended 31 March 2018

The directors have pleasure in presenting their report on the activities of the Authority.

### NATURE OF BUSINESS

The Authority was established on 1 November 2016 by the Civil Aviation Act of 2016, and is tasked to conduct oversight of all aspects of safety and security of civil aviation in Namibia.

The two operating and reporting requirements of the Authority are Regulatory and Air Navigation Services. These operate severally from each other to ensure functional separation, and are split for reporting purposes in the attached financial statements.

### FINANCIAL PERIOD

The financial results of the Authority are set out in the attached annual financial statements. The period covered in the financial statements is 17 months, from establishment on 1 November 2016 to 31 March 2018.

### EQUITY

Government equity contributions over the financial period in the form of cash and assets amounted to N\$245 990 200. The Authority is established in terms of Section 8 of the Civil Aviation Act of 2016 and has as its line-Ministry, the Ministry of Works & Transport.

### DIRECTORS AND SECRETARY

The following persons acted as directors of the Authority during the period:

|                                  |   |
|----------------------------------|---|
| KH Egumbo (Chairman)             | (appointed 1 November 2016 for 5 years)               |
| RO Gärtner (Deputy Chairman)     | (appointed 1 November 2016 for 4 years)               |
| MK Jankie                        | (appointed 1 November 2016 for 4 years)               |
| E Kantema-Gaomas                 | (appointed 1 November 2016 for 4 years)               |
| K Thudinyane (Alternate)         | (appointed 1 November 2016 for 4 years)               |
| U Katjuanjo (Alternate)          | (appointed 1 November 2016 for 4 years)               |
| U Katjipuka-Sibolile (Alternate) | (appointed 1 November 2016 for 4 years)               |
| W Grellmann (Alternate)          | (appointed 1 November 2016, resigned 1 November 2016) |
| A Simana (Executive Director)    | (appointed 1 November 2016 to 31 December 2018)       |

G D Elliott (Interim Corporate Secretary) (appointed 1 November 2016)

### TAXATION

The provisions of the Civil Aviation Act of 2016 do not specify if the Authority is exempt from income taxation. This is yet to be determined with finality with the Ministry of Finance. The Authority did not earn income sufficient to be subject to tax in the reporting period, and as a result there would be no impact on the financial numbers presented in the attached financial statements.

### DIVIDEND

In accordance with Section 24 of the Civil Aviation Act of 2016, no dividend has been declared and paid during the period.

The business and postal address of the Authority and Secretary are set out below:

|                        |                   |
|------------------------|-------------------|
| Business address:      | Postal address:   |
| NCAA Building          | Private Bag 12003 |
| Rudolph Hertzog Street | WINDHOEK          |
| WINDHOEK               | NAMIBIA           |
| NAMIBIA                |                   |

### GOING CONCERN

The Authority incurred a net loss N\$111,792,044 for the period ended 31 March 2018 and generated negative cash flows from operating activities amounting to N\$163,644,455. This, along with other matters, indicate the existence of a material uncertainty which may cast significant doubt on the Authority's ability to continue as a going concern.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that the Authority will be able to finance future operations and that the realization of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of the business.

The Authority's cash reserves together with National Budget allocations are sufficient resources to maintain operations for the foreseeable future. Furthermore, future plans include an adjustment to charges and fees to the aviation industry, that were previously heavily subsidized by Government. This would ensure cost recovery and the continued financial viability of the Authority.

### STAFF SECONDMENTS/ ICAO CONTRACTS

As part of its establishment processes, the Authority currently has staff seconded and contracted from both the Ministry of Works and Transport and from the International Civil Aviation Organization (ICAO). It is the intention of the Authority to cease with these secondments and contracts in the next financial year or once the required structures are in place.

### SUBSEQUENT EVENTS

There were no significant events or circumstances between the date of the financial statements and the date of this report that would require disclosure or amendment in the Authority annual financial statements.

## STATEMENT OF COMPREHENSIVE INCOME

for the 17 month period ended 31 March 2018

|   | Notes | AUTHORITY        | LEGISLATED SPLIT:             |                                   |
|---|-------|------------------|-------------------------------|-----------------------------------|
|   |       | 2018<br>N\$'000  | REGULATORY<br>2018<br>N\$'000 | AIR NAVIGATION<br>2018<br>N\$'000 |
| REVENUE   | 5     | 94 725           | 2 108                         | 92 617                            |
| OPERATING COSTS                                       | 7     | (210 493)        | (107 272)                     | (103 221)                         |
| Operating loss  |       | (115 768)        | 105 164)                      | (10 604)                          |
| Finance income  | 8     | 2 602            | 477                           | 2 125                             |
| Other income  |       | 1 374            | 1 374                         | -                                 |
| LOSS before taxation                                  |       | (111 792)        | (103 313)                     | (8 479)                           |
| Taxation  | 9     | -                | -                             | -                                 |
| LOSS for the period before other comprehensive income |       | (111 792)        | (103 313)                     | (8 479)                           |
| Other comprehensive income                            |       | -                | -                             | -                                 |
| <b>COMPREHENSIVE LOSS for the period</b>              |       | <b>(111 792)</b> | <b>(103 313)</b>              | <b>(8 479)</b>                    |

## STATEMENT OF FINANCIAL POSITION

as at 31 March 2018

| ASSETS                              |      |                |               |               |
|-------------------------------------|------|----------------|---------------|---------------|
| NON-CURRENT ASSETS                  |      | 75             | 73            | 2             |
| Property, plant and equipment       | 10   | 2              | -             | 2             |
| Intangible assets                   | 11   | 73             | 73            | -             |
| CURRENT ASSETS                      |      | 147 206        | 69 412        | 77 794        |
| Trade and other receivables         | 12   | 64 939         | 43 482        | 21 457        |
| Short-term investments              | 13   | 77 115         | 24 113        | 53 002        |
| Bank balances and cash              | 17.2 | 5 152          | 1 817         | 3 335         |
| <b>TOTAL ASSETS</b>                 |      | <b>147 281</b> | <b>69 485</b> | <b>77 796</b> |
| EQUITY AND LIABILITIES              |      |                |               |               |
| CAPITAL AND RESERVES                |      | 134 198        | 57 862        | 76 336        |
| Government contributions            | 14   | 245 990        | 161 175       | 84 815        |
| Retained deficit                    |      | (111 792)      | (103 313)     | (8 479)       |
| CURRENT LIABILITIES                 |      | 13 083         | 11 623        | 1 460         |
| Trade and other payables            | 15   | 13 083         | 5 020         | 8 063         |
| Loan account                        | 16   | -              | 6 603         | (6 603)       |
| <b>TOTAL EQUITY AND LIABILITIES</b> |      | <b>147 281</b> | <b>69 485</b> | <b>77 796</b> |

## STATEMENT OF CHANGES IN EQUITY

for the 17 month period ended 31 March 2018

|                                   | Notes | GOVERN-<br>MENT CON-<br>TRIBUTIONS<br>2018<br>N\$'000 | RETAINED<br>DEFICIT<br>2018<br>N\$'000 | TOTAL<br>2018<br>N\$'000 |
|-----------------------------------|-------|---|--|--------------------------|
| <b>AUTHORITY</b>                  |       |   |  |                          |
| Government contributions          | 14    | 245 990   | -                                      | 245 990                  |
| Comprehensive loss for the period |       | -   | (111 792)                              | (111 792)                |
| <b>BALANCE at 31 March 2018</b>   |       | <b>245 990</b>  | <b>(111 792)</b>                       | <b>134 198</b>           |
| <b>LEGISLATED SPLIT:</b>          |       |   |  |                          |
| <b>REGULATORY</b>                 |       |   |  |                          |
| Government contributions          | 14    | 161 175   | -                                      | 161 175                  |
| Comprehensive loss for the period |       | -   | (103 313)                              | (103 313)                |
| <b>BALANCE at 31 March 2018</b>   |       | <b>161 175</b>  | <b>(103 313)</b>                       | <b>57 862</b>            |
| <b>AIR NAVIGATION</b>             |       |   |  |                          |
| Government contributions          | 14    | 84 815  | -                                      | 84 815                   |
| Comprehensive loss for the period |       | -   | (8 479)                                | (8 479)                  |
| <b>BALANCE at 31 March 2018</b>   |       | <b>84 815</b>   | <b>(8 479)</b>                         | <b>76 336</b>            |

## STATEMENT OF CASH FLOWS

for the 17 month period ended 31 March 2018

|   | Notes | AUTHORITY       | LEGISLATED SPLIT:             |                                   |
|---|-------|-----------------|-------------------------------|-----------------------------------|
|   |       | 2018<br>N\$'000 | REGULATORY<br>2018<br>N\$'000 | AIR NAVIGATION<br>2018<br>N\$'000 |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>       |       |                 |                               |                                   |
| Cash receipts from customers                      |       | (163 644)       | (141 772)                     | (21 872)                          |
| Cash paid to suppliers and employees              |       | 77 675          | 2 108                         | 75 567                            |
| Cash utilized by operations                       | 17.1  | (243 921)       | (144 357)                     | (99 564)                          |
| Finance income                                    |       | (166 246)       | (142 249)                     | (23 997)                          |
|   |       | 2 602           | 477                           | 2 125                             |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>       |       |                 |                               |                                   |
| Acquisition of property, plant and equipment      | 10    | (79)            | (76)                          | (3)                               |
| Acquisition of intangible assets                  | 11    | (3)             | -                             | (3)                               |
|   |       | (76)            | (76)                          | -                                 |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>       |       |                 |                               |                                   |
| Government contributions                          | 14    | 245 990         | 167 778                       | 78 212                            |
| Inter-departmental loan accounts                  | 16    | 245 990         | 161 175                       | 84 815                            |
|   |       | -               | 6 603                         | (6 603)                           |
| <b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b> | 17.2  | <b>82 267</b>   | <b>25 930</b>                 | <b>56 337</b>                     |

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

## for the 17 month period ended 31 March 2018

### 1. BASIS OF PREPARATION

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the Civil Aviation Act, 2016. The financial statements have been prepared under the historical cost convention on a going concern basis as modified by financial assets and liabilities (including any derivative instruments) being stated at fair value. Year on year movements are taken through the Statement of Comprehensive Income.

Assets are only recognised if they meet the definition of an asset, it is probable that future economic benefits associated with the asset will flow to the Authority and the cost can be measured reliably.

Liabilities are only recognised if they meet the definition of a liability, it is probable that future economic benefits associated with the liability will flow from the Authority and the cost can be measured with reliability.

Assets and liabilities and income and expenses are not offset unless specifically permitted by an accounting standard.

### 2. ADOPTION OF NEW AND REVISED STANDARDS

It is important to note that the financial information has been prepared in accordance with IFRS that are effective at 31 March 2018. Standards and Interpretations that are not yet effective and will be adopted in future years are listed in Note 23.

The directors and management have not yet assessed the implications of these standards and interpretations. New or revised Standards and Interpretations issued by the International Financial Reporting Interpretations Committee are not effective for the current year. These are:

- IFRS 4 & IFRS 17: Insurance contracts;
- IFRS 9: Financial Instruments;
- IFRS 15: Revenue from contracts with customers;
- IFRS 16: Leases.

As part of its annual improvements project, the International Accounting Standards Board made amendments to a number of accounting standards. The aim is to clarify and improve the accounting standards and include terminology or editorial changes with minimal effect on recognition and measurement.

### 3. ACCOUNTING POLICIES

#### Legislated split

The functional operations of the Authority are reported in a manner consistent with the internal reporting provided to the Authority's Executive Committee, and the requirements of the Civil Aviation Act, 2016. The Board is responsible for strategic decisions, the allocation of resources and assessing performance of these reporting lines. As required by the Civil Aviation Act, 2016, the two major split reporting requirements are Regulatory and Air Navigation Services.

#### Revenue recognition

Revenue represents the gross inflow of economic benefits during the period arising in the course of the ordinary activities when those inflows result in increases in equity, other than increases relating to contributions from equity participants. Included in revenue are net invoiced sales to customers for services. Revenue is measured at the amount received or receivable. Cash and settlement discounts, rebates, VAT and other indirect taxes are excluded from revenue. Where extended terms are granted, interest received is accounted for over the term until payment is received.

Revenue from the rendering of services is measured using the stage of completion method based on the services performed to date as a percentage of the total services to be performed. Revenue from the rendering of services is recognized when the amount of the revenue, the related costs and the stage of completion can be measured reliably. Accrued income estimates are based on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Service revenue consists statutory administration and air navigation service charges.

#### Employee benefit costs

The cost of providing employee benefits is accounted for in the period in which the benefits are earned by employees. The cost of short-term employee benefits is recognized in the period in which the service is rendered and is not discounted. The expected cost of short-term accumulating compensated absences is recognized as an expense as the employees render service that increases their entitlement or, in the case of non-accumulating absences, when the absences occur. The expected cost of profit-sharing and bonus payments is recognized as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

### for the 17 month period ended 31 March 2018

#### 3. ACCOUNTING POLICIES (continued)

##### Provisions

Provisions represent liabilities of uncertain timing or amount. Provisions are recognized when the Authority has a present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made for the amount of the obligation.

Provisions are measured at the expenditure required to settle the present obligation. Where the effect of discounting is material, provisions are measured at their present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks for which future cash flow estimates have not been adjusted.

##### Leasing

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

##### *The authority as lessor*

Amounts due from lessees under finance leases are recorded as receivables at the amount of the authority's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the authority's net investment outstanding in respect of the leases. Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease.

##### *The authority as lessee*

Assets held under finance leases are recognized as assets of the authority at their fair value at the date of acquisition. The corresponding liability to the lessor is disclosed as a finance lease obligation. Finance costs represent the difference between the total leasing commitments and the fair value of the assets acquired. They are charged to the statement of comprehensive income over the term of the relevant lease and at interest rates applicable to the lease on the remaining balance of the obligations for each accounting period. Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease.

##### Taxation

Income tax expenses represent the sum of the tax currently payable and the movement in deferred tax.

Deferred taxation is recognized using the liability method for all temporary differences arising between the tax basis of assets and liabilities and their carrying amounts, unless specifically exempt, at the tax rates that have been enacted or substantially enacted at the reporting date.

A deferred taxation asset represents the amount of income taxes recoverable in future periods in respect of deductible temporary differences and the carry-forward of unused tax losses. Deferred taxation assets are only recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized.

A deferred taxation liability represents the amount of income taxes payable in future periods in respect of taxable temporary differences. Deferred taxation liabilities are recognized for taxable temporary differences, unless specifically exempt.

Deferred taxation assets and liabilities are offset when there is a legally enforceable right to set off current taxation assets against current taxation liabilities and it is the intention to settle on a net basis.

##### Property, plant and equipment

Property, plant and equipment are accounted for at cost to the Authority less accumulated depreciation and less impairment losses and are depreciated on the straight-line basis over their expected useful lives to residual values at the following annual rates:

|                                     |       |
|-------------------------------------|-------|
| Buildings/Towers                    | 2-4%  |
| Furniture and fittings              | 10%   |
| Office machines and equipment       | 12%   |
| Computer equipment                  | 33,3% |
| Motor vehicles                      | 20%   |
| Air Navigation Equipment            |       |
| - Surveillance equipment            | 7%    |
| - Communication equipment           | 7%    |
| - Navigation equipment              | 7%    |
| - Operations IT equipment           | 7%    |
| - Electrical & Mechanical equipment | 7%    |
| - Test equipment and tools          | 7%    |
| - Power                             | 25%   |

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

### for the 17 month period ended 31 March 2018

#### 3. ACCOUNTING POLICIES (continued)

Freehold land is not depreciated as it is deemed to have an indefinite life.

Subsequent costs are included in the asset's carrying amount, or recognized as separate assets, only when it is probable that future economic benefits associated with the item will flow to the Authority, and the cost of the item can be measured reliably.

The carrying value of any replaced part is derecognised. All other repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred.

Assets in the course of construction and installation are not depreciated.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit and loss.

#### Intangible assets

Intangible assets are recognized at cost less accumulated amortization and accumulated impairment losses. Amortization is charged on a straight-line basis over their estimated useful lives. Historical cost includes expenditure that is directly attributable to the generation of items. Subsequent costs are included in the asset's carrying amount, or recognized as separate assets, only when it is probable that future economic benefits associated with the item will flow to the Authority, and the cost of the item can be measured reliably.

The estimated useful life and amortization method are reviewed at the end of each annual reporting period, the effect of any changes in estimate being accounted for on a prospective basis.

Subsequent to initial recognition, intangible assets are recognized at cost less accumulated amortization and accumulated impairment losses.

Amortization is calculated using the straight-line method to allocate their cost to their residual value over the estimated useful lives, typically over a 3 year period.

Assets in the course of construction are not amortized.

#### Impairment of assets

At each reporting date, the directors of the authority review the carrying amounts of its assets to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where it is not possible to estimate the recoverable amount for an individual asset, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognized in profit and loss. Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized in profit and loss.

#### Assets held for sale

Assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is met only when the sale is highly probable and the asset is available for immediate sale in its present condition.

Management must be committed to the sale, and there must be an expectation that the sale will be completed in one year.

Non-current assets classified as held for sale are measured at the lower of the assets' previous carrying amount and fair value less costs to sell.

#### Foreign currency

Assets and liabilities in foreign currencies are translated to Namibian currency at rates of exchange approximating those ruling at the reporting date. Profits and losses arising on translation are dealt with in the statement of comprehensive income.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

### for the 17 month period ended 31 March 2018

#### 3. ACCOUNTING POLICIES (continued)

In order to hedge its exposure to certain foreign exchange risks, the authority enters into forward contracts and options (see below for details of the authority's accounting policies in respect of such derivative financial instruments).

#### Financial instruments

##### Classification

The Authority classifies its financial assets in the following categories:

- At fair value through profit and loss; and
- Loans and receivables.

The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

##### (a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorized as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

##### (b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after balance sheet date. These are classified as non-current assets.

##### Recognition and measurement

Regular purchases and sales of financial assets are recognized on the trade date, the date on which the Authority commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Authority has transferred substantially all risks and rewards of ownership. Loans and receivables are carried at amortized cost using the effective interest method.

Gains and losses arising from changes in fair value of the financial assets at fair value through profit and loss category are presented in profit or loss.

Derivatives are initially recognized at fair value on the date a derivative contract is entered into. These are subsequently remeasured at their fair value and the gain or loss arising is recognized in profit or loss.

#### Trade receivables

Trade receivables are recognized at fair value less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Authority will not be able to collect all amounts due according to the original terms of the receivables. Indicators that the trade receivable is impaired are: significant financial difficulties of the debtor probability that the debtor will enter bankruptcy or financial reorganization; and the default or delinquency in payments (more than 90 days overdue).

The carrying amount of trade receivables is reduced through the use of a provision account, and the amount of the loss is recognized in profit or loss. When a trade receivable is noncollectable, it is written off against the provision account for trade receivables. Subsequent recoveries of amounts previously written off are credited against profit or loss.

#### Government contributions

Contributions from government for the establishment of the Authority are recorded as equity contributions.

Government grants are not recognized until there is reasonable assurance that the Authority will comply with the conditions attached to them and grants will be received.

A government grant of which the primary condition is that the Authority should purchase, construct or otherwise acquire non-current assets is recognized as deferred income in the statement of financial position and transferred to surplus or deficit on a systematic and rational basis over the useful lives of the related assets.

Other government grants are recognized as income over the periods necessary to match them with the cost for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Authority with no future related costs are recognized in surplus or deficit in the period in which the grant becomes receivable.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

### for the 17 month period ended 31 March 2018

#### 3. ACCOUNTING POLICIES (continued)

##### Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less.

##### Income from investments

Interest income is accrued on a time basis by reference to the principal outstanding and at the interest rate applicable.

#### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical factors, including expectations of future events that are believed to be reasonable under the circumstances.

Estimate and assumptions concerning the future are made by the Authority and the resulting accounting estimates will, by definition, seldom equal the related actual results.

Accounting policies that have been identified as involving particularly complex or subjective judgments or assessments are as follows:

##### Deferred taxation assets

Deferred taxation assets are recognized to the extent that it is probable that taxable income will be available in future against which they can be utilized. Future taxable profits are estimated based on business plans which include estimates and assumptions regarding economic growth, interest, inflation and taxation rates and competitive forces. Management also exercise judgement in assessing the likelihood that business plans will be achieved and that the deferred taxation assets are recoverable.

##### Impairment of assets

Property, plant and equipment, investment property and intangible assets are considered for impairment if there is a reason to believe that an impairment test may be necessary. Factors taken into consideration in reaching such a decision include the economic viability of the asset itself. Future cash flows expected to be generated by the assets are projected, taking into account market conditions and the expected useful lives of the assets. The present value of these cash flows, determined using an

appropriate discount rate, i.e. market values, is compared to the current net asset value, if lower, the assets are impaired to the present value.

Useful lives and residual values of property, plant and equipment and intangible assets

The Authority determines the estimated useful lives and related depreciation charges for property, plant and equipment and intangible assets. This estimate is based on industry norm. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives. In estimating the useful lives of the assets, management assesses the present status of the assets and the expected future benefits associated with the continued use of the assets. Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value, based on their expected sales value at end of useful life.

##### Loans and receivables

The Authority assesses its loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the surplus makes judgments as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset. Management has applied judgement in estimating the extent of any impairment deemed necessary on the gross carrying value of loans and receivables and has impaired all doubtful accounts in arrears for a period longer than normal expected trading terms. The impairment loss is recognized in surplus or deficit when there is objective evidence that it is impaired.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the 17 month period ended 31 March 2018

|  | <b>AUTHORITY</b> | <b>LEGISLATED SPLIT</b>       |                                   |
|--|------------------|-------------------------------|-----------------------------------|
|  | 2018<br>N\$'000  | REGULATORY<br>2018<br>N\$'000 | AIR NAVIGATION<br>2018<br>N\$'000 |
| <b>5. REVENUE</b>  |                  |                               |                                   |
| An analysis of the Authority's revenue for the period is as follows: |                  |                               |                                   |
| Safety Regulation Fees   | 2 108            | 2 108                         | -                                 |
| En-route Navigation Charges  | 42 553           | -                             | 42 553                            |
| Terminal Charges   | 49 064           | -                             | 49 064                            |
|  | <u>94 725</u>    | <u>2 108</u>                  | <u>92 617</u>                     |
| <b>6. BOARD MEMBER EMOLUMENTS</b>                                    |                  |                               |                                   |
| <b>Emoluments including allowances:</b>                              |                  |                               |                                   |
| Salaries and fees  | 3 454            | 1 727                         | 1 727                             |
|  | <u>3 454</u>     | <u>1 727</u>                  | <u>1 727</u>                      |
| <b>Key management personnel emoluments</b>                           |                  |                               |                                   |
| <b>Emoluments of executive management:</b>                           |                  |                               |                                   |
| Salaries   | 8 698            | 7 005                         | 1 693                             |
| Benefits   | 785              | 747                           | 38                                |
|  | <u>9 483</u>     | <u>7 752</u>                  | <u>1 732</u>                      |
| <b>7. OPERATING COST</b>   |                  |                               |                                   |
| Operating costs comprise:  |                  |                               |                                   |
| Audit fees – current period  | 436              | 218                           | 218                               |
| Board expenses   | 1 582            | 791                           | 791                               |
| Commission paid  | 1 259            | -                             | 1 259                             |
| Consulting fees - ICAO project                                       | 27 176           | 25 545                        | 1 631                             |
| - other  | 2 058            | 2 058                         | -                                 |
| Depreciation and amortization  | 4                | 3                             | 1                                 |
| Directors fees   | 1 574            | 787                           | 787                               |
| Employment costs   | 124 767          | 66 657                        | 58 110                            |
| Inter-departmental management and other fees                         | -                | (7 511)                       | 7 511                             |
| Membership fees  | 1 646            | 1 646                         | -                                 |
| <b>Operating lease charges:</b>                                      |                  |                               |                                   |
| - Properties   | 5 387            | 5 387                         | -                                 |
| - Plant and equipment  | 20 789           | 2 971                         | 17 818                            |
| - Motor vehicle expenses   | 6 402            | 3 201                         | 3 201                             |
| Repairs & Maintenance  | 4 221            | -                             | 4 221                             |
| Travel & Accommodation   | 4 749            | 2 839                         | 1 910                             |
| Other expenses   | 443              | 2 680                         | 5 763                             |
|  | <u>210 493</u>   | <u>107 272</u>                | <u>103 221</u>                    |

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the 17 month period ended 31 March 2018

|                          | AUTHORITY | LEGISLATED SPLIT |                |
|--------------------------|-----------|------------------|----------------|
|                          |           | REGULATORY       | AIR NAVIGATION |
|                          | 2018      | 2018             | 2018           |
|                          | N\$'000   | N\$'000          | N\$'000        |
| <b>8. FINANCE INCOME</b> |           |                  |                |
| Bank interest earned     | 2 602     | 477              | 2 125          |
|                          | 2 602     | 477              | 2 125          |

### 9. TAXATION

The Authority did not earn any taxable income during the financial period.

### 10. PROPERTY, PLANT AND EQUIPMENT

#### AUTHORITY & AIR NAVIGATION

##### Cost

Additions during the period

Balance at 31 March 2018

##### Accumulated depreciation

Depreciation charge for the period

Balance at 31 March 2018

##### Book value

As at 31 March 2018

| Vehicles and furniture, fixtures and fittings | Total   |
|---|---------|
| N\$'000                                       | N\$'000 |
|   |         |
| 3   | 3       |
| 3   | 3       |
|   |         |
| (1)   | (1)     |
| (1)   | (1)     |
|   |         |
| 2   | 2       |

Assets currently in use are yet to be transferred from the Ministry of Works and Transport to the Authority under Section 23 of the Civil Aviation Act, 2016. The Authority, although using these assets, has no control over the assets and is not free to dispose of such assets without the consent of the Ministry of Works and Transport.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the 17 month period ended 31 March 2018

|   | <b>AUTHORITY</b> | <b>LEGISLATED SPLIT</b>       |                                   |
|---|------------------|-------------------------------|-----------------------------------|
|   | 2018<br>N\$'000  | REGULATORY<br>2018<br>N\$'000 | AIR NAVIGATION<br>2018<br>N\$'000 |
| <b>11. INTANGIBLE ASSETS</b>                    |                  |                               |                                   |
| Computer Software - Work-In-Progress            |                  |                               |                                   |
| Additions                                       | 51               | 51                            | -                                 |
| Depreciation                                    | -                | -                             | -                                 |
|   | <u>51</u>        | <u>51</u>                     | <u>-</u>                          |
| Computer Software - Available-For-Use           |                  |                               |                                   |
| Additions                                       | 25               | 25                            | -                                 |
| Depreciation                                    | (3)              | (3)                           | -                                 |
|   | <u>22</u>        | <u>22</u>                     | <u>-</u>                          |
| <b>Total Net Intangible Assets</b>              | <b>73</b>        | <b>73</b>                     | <b>-</b>                          |
| <b>12. TRADE AND OTHER RECEIVABLES</b>          |                  |                               |                                   |
| Trade receivables                               | 17 050           | -                             | 17 050                            |
| Provision for doubtful debt - specific          | (8)              | -                             | (8)                               |
|   | <u>17 042</u>    | <u>-</u>                      | <u>17 042</u>                     |
| Prepayments - ICAO project                      | 44 814           | 42 125                        | 2 689                             |
| Prepayments - other                             | 3 083            | 1 357                         | 1 726                             |
| Balance at 31 March 2018                        | <u>64 939</u>    | <u>43 482</u>                 | <u>21 457</u>                     |
| <b>Past due and impaired</b>                    |                  |                               |                                   |
| Past due for 1 – 30 days and impaired           | -                | -                             | -                                 |
| Past due for 31 – 60 days and impaired          | -                | -                             | -                                 |
| Past due for 61 – 90 days and impaired          | -                | -                             | -                                 |
| Past due for more than 90 days and impaired     | 8                | -                             | 8                                 |
|   | <u>8</u>         | <u>-</u>                      | <u>8</u>                          |
| <b>Past due but not impaired</b>                |                  |                               |                                   |
| Past due for 31 – 60 days                       | 1 859            | -                             | 1 859                             |
| Past due for 61 – 90 days                       | 1 828            | -                             | 1 828                             |
| Past due for more than 90 days                  | 6 075            | -                             | 6 075                             |
|   | <u>9 762</u>     | <u>-</u>                      | <u>9 762</u>                      |
| <b>Movement in provision for doubtful debts</b> |                  |                               |                                   |
| Impairment losses recognized on receivables     | (8)              | -                             | (8)                               |
| Balance at 31 March 2018                        | <u>(8)</u>       | <u>-</u>                      | <u>(8)</u>                        |

Based on historic trend and expected performance of customers, the Authority believes that the above provision for doubtful debt sufficiently covers the risk of default. The provision is based on specific amounts and customer accounts are assessed individually throughout the year in order to identify these specific amounts. The average credit period on services is 30 days.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the 17 month period ended 31 March 2018

|   | <b>AUTHORITY</b> | <b>LEGISLATED SPLIT</b>              |  |
|---|------------------|--------------------------------------|--|
|   | 2018<br>N\$'000  | <b>REGULATORY</b><br>2018<br>N\$'000 | <b>AIR NAVIGATION</b><br>2018<br>N\$'000 |
| <b>13. SHORT-TERM INVESTMENTS</b>   |                  |                                      |  |
| <b>Current assets</b>   |                  |                                      |  |
| Funds on call   | 77 115           | 24 113                               | 53 002                                   |
| The funds are on deposit with Standard Bank Namibia (credit rating BBB-), with no fixed terms and earn interest at 5.6-5.85% p.a, compounded monthly.                   |                  |                                      |  |
| <b>14. GOVERNMENT CONTRIBUTIONS</b>   |                  |                                      |  |
| Contributions in the form of:   |                  |                                      |  |
| - Expenses paid   | 216 363          | 138 776                              | 77 587                                   |
| - Cash  | 29 627           | 22 399                               | 7 228                                    |
| Balance at end of period  | 245 990          | 161 175                              | 84 815                                   |
| <b>15. TRADE AND OTHER PAYABLES</b>   |                  |                                      |  |
| Trade payables  | 11 782           | 4 779                                | 7 003                                    |
| Payroll accruals  | 1 023            | 241                                  | 782                                      |
| Lease smoothing accrual   | 278              | -                                    | 278                                      |
|   | 13 083           | 5 020                                | 8 063                                    |
| The average credit period on purchases is 30 days. The authority makes use of prompt settlement discounts where applicable.   |                  |                                      |  |
| <b>16. LOAN ACCOUNT</b>   |                  |                                      |  |
| Inter-departmental loan account   | -                | 6 603                                | (6 603)                                  |
| The loan account is used for management fees and to fund expense payments as and when necessary. The loan account has no terms of repayment and does not bear interest. |                  |                                      |  |

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the 17 month period ended 31 March 2018

|  | AUTHORITY       | LEGISLATED SPLIT              |                                   |
|--|-----------------|-------------------------------|-----------------------------------|
|  | 2018<br>N\$'000 | REGULATORY<br>2018<br>N\$'000 | AIR NAVIGATION<br>2018<br>N\$'000 |
| <b>17. NOTES TO THE STATEMENT OF CASH FLOW</b>   |                 |                               |                                   |
| <b>17.1 Cash utilized by operations</b>  |                 |                               |                                   |
| Loss before taxation   | (111 792)       | (103 313)                     | (8 479)                           |
| Adjusted for:  |                 |                               |                                   |
| Depreciation and amortization  | 4               | 3                             | 1                                 |
| Movement on provision for doubtful debts   | 8               | -                             | 8                                 |
| Finance income   | (2 602)         | (477)                         | (2 125)                           |
| Movement in provisions   | 137             | 79                            | 58                                |
|  | (114 245)       | (103 708)                     | (10 537)                          |
| <b>Working capital changes</b>   | (52 001)        | (38 541)                      | (13 460)                          |
| Increase in trade and other receivables  | (64 947)        | (43 482)                      | (21 465)                          |
| Increase in trade and other payables   | 12 946          | 4 941                         | 8 005)                            |
| Cash utilized by operations  | (166 246)       | (142 249)                     | (23 997)                          |
| <b>17.2 Cash and cash equivalents</b>  |                 |                               |                                   |
| Cash and cash equivalents included in the statements of cash flows comprise the following statement of financial position amounts: |                 |                               |                                   |
| Short-term investments   | 77 115          | 24 113                        | 53 002                            |
| Bank balances and cash   | 5 152           | 1 817                         | 3 335                             |
| Total cash and cash equivalents  | 82 267          | 25 930                        | 56 337                            |
| <b>18. COMMITMENTS</b>   |                 |                               |                                   |
| <b>Operating leases</b>  |                 |                               |                                   |
| <i>Plant and equipment</i>   |                 |                               |                                   |
| Due within one year  | 7 139           | 94                            | 7 045                             |
| Due one and five years   | 18 867          | 94                            | 18 773                            |
| Total  | 26 006          | 188                           | 25 818                            |

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the 17 month period ended 31 March 2018

### 19. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

#### 19.1 Categories of financial instruments

|                               | AUTHORITY       | LEGISLATED SPLIT              |                                   |
|-------------------------------|-----------------|-------------------------------|-----------------------------------|
|                               | 2018<br>N\$'000 | REGULATORY<br>2018<br>N\$'000 | AIR NAVIGATION<br>2018<br>N\$'000 |
| <b>Financial assets</b>       |                 |                               |                                   |
| <i>Loans and receivables</i>  |                 |                               |                                   |
| Trade and other receivables   | 17 050          | -                             | 17 050                            |
| Short-term investments        | 77 115          | 24 113                        | 53 002                            |
| Bank balance and cash         | 5 152           | 1 817                         | 3 335                             |
| Total                         | 99 317          | 25 930                        | 73 387                            |
| <b>Financial liabilities</b>  |                 |                               |                                   |
| Liabilities at amortized cost |                 |                               |                                   |
| Trade and other payables      | 11 782          | 4 779                         | 7 003                             |
| Total                         | 11 782          | 4 779                         | 7 003                             |

#### Capital risk management

Currently the NCAA does not have debt except for normal trade payables.

Deposits with banks are kept in a one-day-call to maximize return for stakeholders.

#### 19.2 Interest rate management

The highest possible rate is negotiated with the banks to earn good interest returns.

#### 19.3 Credit risk management

The Authority only deposits cash surpluses with major banks of high quality credit standing.

Trade account receivables comprise a wide spread customer base. Ongoing credit evaluation of the financial position of customers is performed. This is done when prompt payment is not received on a recurring basis. In such instances customers are contacted and the situation is investigated, with remedial action in the form of financial assessments followed by required negotiations are taken, based on individual circumstances.

The granting of credit is made on application and is approved by the directors. At period-end the authority did not consider there to be any significant concentration of credit risk which has not been adequately provided for.

The credit quality of cash and cash equivalents and short-term investments that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

Financial assets exposed to credit risk at year end were as follows:

| Financial instrument                     | 17 050 | -      | 17 050 |
|--|--------|--------|--------|
| Trade and other receivables              | 17 050 | -      | 17 050 |
| Short-term investments                   | 77 115 | 24 113 | 53 002 |
| Bank balances and cash                   | 5 152  | 1 817  | 3 335  |
| Movement on provision for doubtful debts | 99 317 | 25 930 | 73 387 |

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the 17 month period ended 31 March 2018

### 19. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

#### 19.4 Liquidity risk management

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Management is satisfied that the Authority will be able to settle its financial liabilities (payables and provisions) in the normal course of business.

The Authority's risk to liquidity is a result of the funds available to cover future commitments. The Authority manages liquidity risk through an ongoing review of future commitments.

The maturity grouping of financial assets and liabilities are all within 1 year.

#### 19.5 Interest rate management

The Authority is exposed to various risks associated with the effect of fluctuations in the prevailing levels of market rates of interest on its investments. The cash resources are managed to ensure that surplus funds are invested in a manner to achieve maximum returns while minimizing risks. The Authority places its funds in fluctuating interest earning call deposits and fixed term deposits which are adjusted on a short term basis based on changes in the prevailing market related interest rates.

Further, these call deposits are due on demand. The call account/short term deposits amounting to N\$77,115,000 are exposed to cash flow interest rate risk, however considering the short-term maturity of these deposits, these risks are minimized.

The Authority is not exposed to fair value interest rate risk.

#### 19.6 Maturity profile

##### Maturity profiles of financial instruments

All financial assets and liabilities are of a short-term nature and are basically strictly receivable and payable on 30 day payment terms.

|                              | 1-3 months<br>N\$'000 | 3 months-1 year<br>N\$'000 | 1-5 years<br>N\$'000 | Total<br>N\$'000 |
|------------------------------|-----------------------|----------------------------|----------------------|------------------|
| <b>2018</b>                  |                       |                            |                      |                  |
| <b>AUTHORITY</b>             |                       |                            |                      |                  |
| <b>Financial assets</b>      |                       |                            |                      |                  |
| Trade and other receivables  | 10 959                | 6 083                      | -                    | 17 042           |
| Short-term investments       | 77 115                | -                          | -                    | 77 115           |
| Cash and cash equivalents    | 5 152                 | -                          | -                    | 5 152            |
|                              | <u>93 226</u>         | <u>6 083</u>               | <u>-</u>             | <u>99 309</u>    |
| <b>Financial liabilities</b> |                       |                            |                      |                  |
| Trade and other payables     | 11 782                | -                          | -                    | 11 782           |
|                              | <u>11 782</u>         | <u>-</u>                   | <u>-</u>             | <u>11 782</u>    |

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the 17 month period ended 31 March 2018

### 19. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

#### 19.6 Maturity profile (continued)

All financial assets and liabilities are of a short-term nature and are basically strictly receivable and payable on 30 day payment terms.

|                              | 1-3 months<br>N\$'000 | 3 months-1 year<br>N\$'000 | 1-5 years<br>N\$'000 | Total<br>N\$'000 |
|------------------------------|-----------------------|----------------------------|----------------------|------------------|
| <b>LEGISLATED SPLIT:</b>     |                       |                            |                      |                  |
| <b>2018</b>                  |                       |                            |                      |                  |
| <b>REGULATORY</b>            |                       |                            |                      |                  |
| <b>Financial assets</b>      |                       |                            |                      |                  |
| Short-term investments       | 24 113                | -                          | -                    | 24 113           |
| Cash and cash equivalents    | 1 817                 | -                          | -                    | 1 817            |
|                              | <u>25 930</u>         | <u>-</u>                   | <u>-</u>             | <u>25 930</u>    |
| <b>Financial liabilities</b> |                       |                            |                      |                  |
| Trade and other payables     | 4 779                 | -                          | -                    | 4 779            |
|                              | <u>4 779</u>          | <u>-</u>                   | <u>-</u>             | <u>4 779</u>     |
| <b>2018</b>                  |                       |                            |                      |                  |
| <b>AIR NAVIGATION</b>        |                       |                            |                      |                  |
| <b>Financial assets</b>      |                       |                            |                      |                  |
| Trade and other receivables  | 10 959                | 6 083                      | -                    | 17 042           |
| Short-term investments       | 53 002                | -                          | -                    | 53 002           |
| Bank and cash balances       | 3 335                 | -                          | -                    | 3 335            |
|                              | <u>67 296</u>         | <u>6 083</u>               | <u>-</u>             | <u>73 379</u>    |
| <b>Financial liabilities</b> |                       |                            |                      |                  |
| Trade and other payables     | 7 003                 | -                          | -                    | 7 003            |
|                              | <u>7 003</u>          | <u>-</u>                   | <u>-</u>             | <u>7 003</u>     |

#### 19.7 Fair value

The directors are of the opinion that the book value of financial instruments approximates fair value, as the items are of a short-term nature.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the 17 month period ended 31 March 2018

|  | AUTHORITY       | LEGISLATED SPLIT              |                                   |
|--|-----------------|-------------------------------|-----------------------------------|
|  | 2018<br>N\$'000 | REGULATORY<br>2018<br>N\$'000 | AIR NAVIGATION<br>2018<br>N\$'000 |
| <b>20. RELATED PARTIES</b>   |                 |                               |                                   |
| Balances and transactions between the Authority and its related party, is the shareholder, the Government of the Republic of Namibia, are disclosed below. |                 |                               |                                   |
| ICAO project   | 112 780         | 106 013                       | 6 767                             |
| Payroll costs  | 76 327          | 25 819                        | 50 507                            |
| Other expenses   | 56 883          | 33 814                        | 23 070                            |
| Government equity contributions:   | 245 990         | 165 646                       | 80 344                            |

|   |     |    |    |
|---|-----|----|----|
| <b>21. NUMBER OF EMPLOYEES</b>  |     |    |    |
| The number of employees employed (including Executive Members) by the Authority as at the end of the period was as follows: |     |    |    |
| Seconded staff - Government   | 107 | 43 | 64 |
| Contract employees - ICAO Consultants   | 9   | 8  | 1  |
| - ICAO Nationals  | 23  | 23 | -  |
| - other   | 5   | 3  | 2  |
| Permanent employees   | -   | -  | -  |
| Total   | 144 | 77 | 67 |

|  |
|--|
| <b>22. CONTINGENT LIABILITY</b>  |
| A claim for unspecified damages was lodged against the Authority in April 2018. The Authority has disclaimed liability and is defending the action. It is not practical to estimate the potential effect of this claim but legal advice indicates that it is not probable that a significant liability will arise. |

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the 17 month period ended 31 March 2018

### 23. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED STANDARDS THAT ARE NOT YET EFFECTIVE

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the authority's accounting periods beginning on or after 1 April 2018 or later periods but which the authority has not early adopted, as follows:

|                   | New/Revised International Financial Reporting Standards  | Effective Date  |
|-------------------|--|---|
| IFRS 9            | IFRS 9 – Financial Instruments <ul style="list-style-type: none"> <li>• Financial liabilities</li> <li>• Derecognition of financial instruments</li> <li>• Financial assets</li> <li>• General hedge accounting</li> </ul> | Annual periods beginning on or after 1 January 2018   |
| IFRS 9            | Amendment to IFRS 9 – Financial Instruments <ul style="list-style-type: none"> <li>• on general hedge accounting</li> </ul>  | Annual periods beginning on or after 1 January 2018   |
| IFRS 9            | Amendment to IFRS 9 – Financial Instruments <ul style="list-style-type: none"> <li>• prepayment features with negative compensation and</li> <li>• modification of financial liabilities</li> </ul>                        | Annual periods beginning on or after 1 January 2019   |
| IFRS 15           | IFRS 15 – Revenue from contracts with customers<br>Amendment to IFRS 15  | Annual periods beginning on or after 1 January 2018   |
| IFRS 16           | IFRS 16 – Leases   | Annual periods beginning on or after 1 January 2019   |
| IFRS 17           | IFRS 17 – Insurance contracts  | Annual periods beginning on or after 1 January 2012   |
| IFRS 2            | Amendments to IFRS 2 – Share-based payments <ul style="list-style-type: none"> <li>• Clarifying how to account for certain types of share-based payment transactions</li> </ul>  | Annual periods beginning on or after 1 January 2018   |
| IFRS 4            | Amendment to IFRS 4 – Insurance contracts <ul style="list-style-type: none"> <li>• Regarding the implementation of IFRS 9, 'Financial instruments'</li> </ul>  | Annual periods beginning on or after 1 January 2018   |
| IFRS 10<br>IAS 28 | Amendments to IFRS 10 – Consolidated financial statements & IAS 28 – Investments in associates and joint ventures <ul style="list-style-type: none"> <li>• On sale or contribution of assets</li> </ul>                    | Effective date postponed                              |
| IAS 28            | Amendments to IAS 28 – Investments in associates and joint ventures <ul style="list-style-type: none"> <li>• Long-term interests in associates and joint ventures.</li> </ul>  | Annual periods beginning on or after 1 January 2019   |
| IAS 40            | Amendment to IAS 40 – Investment property' <ul style="list-style-type: none"> <li>• Transfers of investment property</li> </ul>  | Annual periods beginning on or after 1 January 2018   |
| Various standards | Annual improvements 2014-2016<br>Annual improvements cycle 2015-2017   | Annual periods beginning on or after 1 January 2018/9 |
| IFRIC 22          | IFRIC 22 – Foreign currency transactions and advance consideration   | Annual periods beginning on or after 1 January 2018   |
| IFRIC 23          | IFRIC 23 – Uncertainty over income tax treatments  | Annual periods beginning on or after 1 January 2019   |

The directors are in the process of determining the impact of the adoption of these statements and interpretations, and other than leases and potentially IFRS 9 - Financial Instruments, they do not anticipate the above to have a material effect on the authority's financial statements presentation.





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