

ANNUAL  
REPORT  
2018 / 19



NAMIBIA CIVIL AVIATION AUTHORITY



# W E L C O M E T O O U R A N N U A L R E P O R T

## BOARD STATEMENT

This Annual Report has been prepared in accordance with Section 29 of the Civil Aviation Act of 2016.

The report also covers the Air Navigation Services, a unit of the Authority, which is administered according to Part 6 of the Civil Aviation Act.

**KOSMAS EGUMBO**

Chairperson: Namibia Civil Aviation  
Authority Board of Directors

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# ABOUT THIS INTEGRATED ANNUAL REPORT

## REPORTING PRINCIPLES

The NCAA has applied the principles contained in the International Financial Reporting Standards (IFRS), good corporate governance and the Public Enterprises Governance Amendment Act (Act 8 of 2015). This integrated report has been developed in accordance with the International Integrated Reporting (<IR>) Framework of the International Integrated Reporting Council (IIRC).

## SCOPE, BOUNDARY AND REPORTING CYCLE

The NCAA's 2018/19 Integrated Report provides material information relating to our strategy and business model, operating context, material risks, stakeholder interests, performance, prospects and governance, covering the financial year ended 31 March 2019. We endeavour to illustrate a comprehensive view of the business by analysing our performance against the Authority's strategic objectives, highlighting successes and challenges experienced this year. This report focuses on the main operations and activities that contribute to the Authority's performance. Unless otherwise stated, all performance data is for the 12-month period ended 31 March 2019. This report is available in electronic format on our website: [www.ncaa.com.na](http://www.ncaa.com.na).

## TARGET AUDIENCE AND MATERIALITY

This report has been prepared primarily in accordance with the Civil Aviation Act for the Ministry of Works and Transport, as well as the civil aviation industry as key stakeholders.

The report is also relevant for any other key stakeholder who has an interest in our performance against our core mandate of conducting the safety and security regulation of civil aviation operations in Namibia and elsewhere, and to provide air traffic services to all airspace users.

## LIST OF OFTEN-USED DEFINITIONS/ACRONYMS

the Act	The Civil Aviation Act of 2016 (Act No. 6 of 2016)
APV	Approach with vertical guidance
Annex 1-19	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)
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

# MESSAGE FROM THE CHAIRPERSON

DEAR STAKEHOLDER, WELCOME TO THE  
NCAA'S 2018-INTEGRATED ANNUAL  
REPORT.



**KOSMAS EGUMBO**  
CHAIRPERSON

It is a widely accepted fact that air transportation is an important enabler to achieve economic growth and social development. Not only is the aviation industry a major industry in its own right, employing large numbers of highly skilled workers, but more importantly, it is an essential catalyst for developing local economies such as Namibia.

This fact is recognised by the Government of Namibia, as attested by the Government's new development targets impacting the aviation transport sector in relation to NDP5, the concomitant contracting of public

finances, and the demands for heightened corporate governance by public enterprises.

Needless to say, one of the key elements to maintaining the vitality of civil aviation globally is to ensure safe, secure, efficient and environmentally sustainable operations at global, regional and national levels.

As a young public enterprise, the Namibia Civil Aviation Authority has made remarkable strides to fulfil their mandate and in this second annual report, we share its performance and progress made to date.

In line with the worldwide trend towards greater corporate governance responsibility taken on by the Board of Directors, we embarked on the journey towards integrated reporting. We will endeavour to continually improve on sharing how we create value to our stakeholders over the short, medium and long term.

We always welcome communication with our stakeholders, therefore we invite you to give us your feedback on this report or any aspect thereof.



**SECTION 1**

**OUR BUSINESS**

# INTERIM EXECUTIVE DIRECTOR'S REPORT



**REINHARD GÄRTNER**

Interim Executive Director

WELCOME TO  
THE NCAA'S  
2018/19  
INTEGRATED  
ANNUAL  
REPORT

## **BUILDING ON OUR FOUNDATIONS**

We are privileged to present this Annual Report, only the second report since the Namibia Civil Aviation Authority (NCAA) has been established. Whilst fulfilling our fiduciary duties on the implementation of local and international obligations of standards and recommended practices, challenges regarding the transformational processes, recruitment of personnel and the procurement of high-tech equipment and software continued to abound at the same time. Great progress has therefore been recorded on building on a sound foundation.

## **TRANSFORMATION**

The process of transformation, from the Directorate of Civil Aviation (DCA) under the Ministry of Works and Transport, to an autonomous authority known as the NCAA was, and is, not without its peculiar challenges. The process of organic growth, change management, adaptation and inevitable paradigm shifts — challenges not easily and successfully internalised by all in an instant without appropriate mentoring, training, coaching and substantial investments in our human capital resources.

The year under review brought about an important, but inevitable paradigm shift for the industry: for purposes of financial self-sustainability the Authority was compelled to levy charges and fees for services rendered to the stakeholders based on the principle

of 'the end-user-pays' — an expense subsidised by the taxpayer for too many years under the previous dispensation.

Therefore, during the period under review, Part 187 (Fees and Charges) of the Namibia Civil Aviation Regulations (NAMCARs) was introduced — another critical milestone achieved on the path of building the Authority.

The transformational prerequisites of mentoring, training and coaching, as mentioned, are over and above the challenges faced of developmental requirements in terms of special knowledge and technical skills needed to address the ever-changing demands of the same high-tech industry the Authority is mandated to oversee.

## **INTERNATIONAL OBLIGATIONS**

The global civil aviation industry has to operate within internationally accepted legal frameworks. As a signatory state to the Chicago Convention and member of the International Civil Aviation Organisation (ICAO,) Namibia is obliged to adhere and be subjected to — amongst others — regular safety and security audits conducted under the auspices of ICAO.

ICAO requires Member States to establish and demonstrate their oversight function abilities in accordance with the following eight critical elements: Legislation (CE1); Regulations (CE2); Organisation (CE3); Technical Staff Qualifications/

Training (CE4); Technical Guidance (CE5); Licensing (CE6); Continuous Surveillance (CE7); and Resolution of Safety Concerns (CE8). With an audit the Member State's Effective Implementation (EI) in all these eight areas are meticulously investigated and its overall score made public to other Member States.

In November 2018, an ICAO Security Audit was carried out and Namibia achieved an overall EI-score of 70.97 per cent (compared with the world average at the time of 72 per cent). This is a clear improvement in Namibia from 60.8 per cent in 2010 (compared with a world average then of 68 per cent).

## DOMESTIC CAPACITY AND RESOURCE BUILDING

We are proud to report that the NCAA and its team — amidst all the constraints of capacity and resources — nevertheless managed to fulfil its daily duties and comply with its domestic oversight obligations.

Not losing sight of the prime objective and mandate of a safe and secure aviation environment, a number of additional milestones have been achieved. A total of 31 Aircraft Maintenance Organisations (AMOs) were re-certified during the reporting period whilst the first Air Traffic Services and Aircraft Maintenance Engineer licences were issued via the newly acquired and state-of-the-art software system.

New regulations for Aviation Security, procedures for regulations making, technical standards, exemptions, enforcement, performance based-navigation and the safe transportation of dangerous goods by air were promulgated during the reporting year.

For the first time in Namibia, off-shore operations were certified and an increased number of applications for the use of Remotely Piloted Aircraft Systems (RPAS or 'drones') were approved.

Drone technology and their applications have taken the world by storm and Namibia is no exception. RPAS regulations were drafted and in the interim a directive was issued to regulate the use of drones in Namibia.

As per requirement, the National Airspace Committee (NASC) was established and inaugurated to provide a national platform for the regulation and control of Namibia's sovereign airspace.

## THE WAY FORWARD

It remains a challenge to achieve the ultimate model of a worldclass civil aviation authority with the mandate to assure a safe and secure environment for Namibians and foreigners alike. With forever-evolving global security threats, the responsibility rests with every civil aviation authority worldwide to be at

least one step ahead to ensure a global safe and secure aviation environment.

The process is never-ending and ever-demanding. We will continue to respond to these changing demands, whilst strengthening our resources and capacity to fulfil our mandate.

## IN CONCLUSION

The achieved milestones as described above would not have been possible without the clear and unambiguous guidance and leadership as provided by the Minister of Works and Transport, Honourable Minister John Mutorwa, the Board of Directors and in particular, the dedication of the then Executive Director Ms Angeline Simana. This is equally true for the immediate way forward and the long-term future.

A special word of thanks is also extended to the NCAA's management team and staff for their hard work and dedication.

We have embarked on an exciting journey to bring Namibia's aviation industry on par with that of the world, and we will not rest until we achieved our vision to be an acclaimed leader in sustainable aviation safety and security.

**REINHARD GÄRTNER**  
INTERIM EXECUTIVE DIRECTOR

# WHO WE ARE

The Namibia Civil Aviation Authority (NCAA) is a state-owned enterprise established in terms of the Civil Aviation Act of 2016, and commenced operating with effect from 1 November 2016.

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

The NCAA performs two separate functions, namely as a regulatory body and as the provider for air navigation services.

# OUR OBJECTIVES

THE OBJECTIVES OF THE NCAA ARE AS FOLLOWS:

- CONTROL, REGULATE AND PROMOTE CIVIL AVIATION SAFETY AND SECURITY;
- OVERSEE THE IMPLEMENTATION OF, AND COMPLIANCE WITH, THE NATIONAL AVIATION SECURITY PROGRAMME;
- MONITOR AND ENSURE COMPLIANCE WITH THE ACT AND THE CHICAGO CONVENTION AND OTHER INTERNATIONAL CIVIL AVIATION AGREEMENTS APPLICABLE TO NAMIBIA; AND
- 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, SECURE, RESPONSIVE AND SUSTAINABLE TRANSPORTATION SYSTEM.

# WHAT WE DO

The Namibia Civil Aviation Authority's key role is to conduct the safety regulation of civil air operations in Namibia's airspace, and to provide air navigation services to all airspace users.

In fulfilling our responsibilities, the NCAA endeavours to assure a safe, orderly, regular and efficient civil aviation system. We recognise the importance of our stakeholders and

the role we have 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.

## OUR VISION

Our vision is to be recognised as a leader in sustainable civil aviation safety, 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.

## STRATEGIC ALIGNMENT

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 (HPP) in respect of references that are directly applicable to NCAA.

# WE LIVE BY OUR VALUES

## INTEGRITY

We will maintain high ethical standards and approach issues professionally, without bias, in order to win the trust of all our stakeholders.

## 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 will live by them.

## ACCOUNTABILITY

We will listen to our stakeholders and explain to them our position to 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. We will measure the level of stakeholder satisfaction on a regular basis.

## EXCELLENCE

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

# 2018 / 19 AT A GLANCE

A critical milestone was achieved on the process of transforming the Directorate of Civil Aviation under the Ministry of Works and Transport to an autonomous authority as the Namibia Civil Aviation Authority. To ensure financial self-sustainability, the Authority was compelled to levy charges and fees for services rendered to the stakeholders based on the principle of ‘the end-user-pays’ — an expense subsidised by the taxpayer for too many years under the previous dispensation.

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**-N\$56M**  
REDUCED DEFICIT

We reduced our operating deficit from N\$116 million (for the preceding 17-month period) to N\$60 million.

**-N\$146M**  
REDUCED RELIANCE

We reduced our reliance on Government funding from N\$245 million (for the preceding 17-month period) to N\$99 million.

**+N\$25M**  
INCREASED CASH

We increased our cash received from customers from N\$78 million (for the preceding 17-month period) to N\$103 million.

**15**  
CONSULTATIVE MEETINGS

Fifteen consultative meetings were held with unlicensed aerodrome owners and operators on new regulations requiring registration of airstrips.

## IMPROVED SECURITY EI-SCORE

In November 2018 an ICAO Security Audit was carried out and Namibia achieved an overall EI-score of 70.97 per cent (world average at the time was 72 per cent). This is a strong improvement in performance for Namibia — from 60.8 per cent in 2010, measured against a world average then of 68 per cent.

## RESOURCE BUILDING

A total of 31 of Aircraft Maintenance Organisations (AMOs) (11 local AMOs and 20 foreign AMOs) were re-certified, whilst the first Air Traffic Services and Aircraft Maintenance Engineer licences were issued via the newly-acquired and state-of-the-art software system.

## INCREASED INDUSTRY COMPLIANCE

For the first time in Namibia, off-shore operations were certified and an increased number of applications for the use of Remotely Piloted Aircraft Systems (RPAS or ‘drones’) were approved.

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9

INSPECTOR  
TRAINING  
EVENTS

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3

WORKSHOPS  
WERE HELD

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These training events have helped to move the Authority closer to having sufficiently qualified staff to perform all safety oversight functions.

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946

ACTIVE PILOTS IN  
NAMIBIA (HOLDERS  
OF PRIVATE,  
COMMERCIAL AND  
AIR TRANSPORT  
LICENCES)

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33

AIRCRAFT  
OPERATORS,  
CONSISTING OF  
11 LOCAL AND  
22 FOREIGN  
OPERATORS

There are 650 registered aircraft in Namibia, consisting of 29 large aeroplanes (>5,700 kg), 330 small aeroplanes (<5,700 kg), 76 rotorcraft and 215 microlights.

GROWING THE NCAA FROM HUMBLE BEGINNINGS TO ULTIMATELY A FULLY-FLEDGED AUTHORITY WAS AN UNINTERRUPTED PROCESS OF BUILDING ON OUR FOUNDATIONS.

# OUR VALUE CREATION PROCESS

## PROVIDING SAFE SKIES FOR ALL

Through our people and infrastructure, our procedures, processes and systems, the NCAA conduct the safety regulation of civil air operations in Namibia’s airspace, and provide air traffic services to all airspace users. In fulfilling our responsibilities, the NCAA endeavours to assure a safe, orderly, regular and efficient civil aviation system.

### CAPITAL INPUTS

#### CAPITAL INPUTS

The resources and relationships we rely on to create value:

1. Financial capital
  - Government subsidies/grants for ‘public good’ services
  - Passenger service charges to industry
  - Application fees for services provided
2. Human capital
  - Skilled, motivated employees
  - Strong leadership team
  - Service providers
  - Technically qualified inspectors
3. Intellectual capital
  - Specialist/technical skills
  - Company culture
  - Brand and reputation
4. Manufactured capital
  - Air navigation infrastructure
  - Head office and supporting facilities
  - Modern CNS infrastructure
5. Social and relationship capital
  - Positive employee relations
  - Constructive engagement with Government and industry
  - Collaborative partnerships with industry and other CAAs
  - Outreach programmes
6. Natural capital
  - Energy, fuel and water

### GOVERNING THE VALUE CREATION PROCESS

While the divisional managers oversee the day-to-day operations and activities, the Board of Directors are responsible for:

- Steering and setting strategic direction
- Approving policy and planning

- Overseeing and monitoring
- Ensuring accountability
- Ensuring robust processes and systems are in place for NCAA to execute its mandate
- Monitoring risks and mitigation actions

## NCAA’S TWO MAJOR FUNCTIONS:

### 1. REGULATOR OF NAMIBIA’S CIVIL AVIATION SYSTEM

NCAA is the Government of Namibia’s regulatory agency to provide AVIATION SAFETY AND SECURITY OVERSIGHT, which include:

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

The NCAA is the agency responsible for implementing the Namibia State Safety Programme and for ensuring compliance with international Standards and Recommended Practices.

**OVERALL VALUE WE CREATE FOR STAKEHOLDERS**  
SAFE SKIES FOR THOSE THAT WANT TO FLY AND THOSE THAT DON'T.

**KEY FACTORS THAT IMPACT ON OUR ABILITY TO DELIVER SHARED VALUE**

- |   |   |
|---|---|
| <p><b>WITHIN OUR CONTROL</b></p> <ul style="list-style-type: none"> <li>• Skilled and motivated employees</li> <li>• Operational efficiencies</li> <li>• Sufficient numbers of signed-off inspectors</li> <li>• Cost management</li> <li>• Stakeholder relationships</li> </ul> | <p><b>BEYOND OUR CONTROL</b></p> <ul style="list-style-type: none"> <li>• Shortage of skilled staff worldwide</li> <li>• Global economy</li> <li>• Political stability</li> <li>• Rate of growth in tourism industry</li> <li>• Terrorist activities</li> </ul> |
|---|---|

**KEY STRATEGIES**

Guiding in the way in which we deliver outcomes and make an impact:

1. People and culture
2. Financial sustainability
3. Meeting international safety and security oversight standards
4. Operational services, systems and productivity
5. Risk, safety management and state safety programme

**KEY RELATIONSHIPS**

1. Employees, seconded and contracted staff
2. Government as shareholder and other Government departments
3. Customers
4. Suppliers
5. Industry organisations
6. Media

**KEY RISKS**

1. Staffing
2. Stakeholder management
3. Reliability and security of communication, navigation and surveillance systems
4. Safety and security compliance
5. Regulatory compliance
6. Financial liquidity
7. Governance
8. Disaster response and recovery
9. Reliability and security of corporate ICT
10. Project management

**2. PROVIDER OF AIR NAVIGATION SERVICES**

NCAA is the provider of AIR NAVIGATION SERVICES, which include:

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

It also provides Communications Navigation Services (CNS) whose function is to ensure the reliability and availability of all CNS facilities for provision of ATS and AIS services at airports; and Information Technology & Communications and Projects (ICTP) whose function is to improve data quality and align data management with operational processes.

**CAPITAL OUTCOMES**

1. **Financial capital**
  - N\$144 million revenue
  - Reduced reliance on Government funding with N\$147 million
2. **Human capital**
  - N\$48 million paid in employment related cost
  - Initiated ANS bursary programme
3. **Intellectual capital**
  - Completed 1,136 training days in past four and a half years
4. **Manufactured capital**
  - Air navigation infrastructure maintained
  - CNS infrastructure maintained
5. **Social and relationship capital**
  - Industry growth
  - Partnership agreements strengthened
  - Increased interest in aviation as a career
6. **Natural capital**
  - Reduced noise
  - Reduced carbon emission

CAPITAL OUTCOMES


**OVERALL IMPACT WE MAKE**

ENABLING ENVIRONMENT IS CREATED FOR NAMIBIA'S ECONOMY TO GROW AND THROUGH THAT, FOR NAMIBIANS TO GROW AND PROSPER

# FACTS ABOUT NAMIBIA'S CIVIL AVIATION SYSTEM

## PASSENGER VOLUMES

240,806  Domestic passenger arrivals at NAC-managed airports servicing civil aircraft

240,272  Regional passenger arrivals at NAC-managed airports servicing civil aircraft

45,551  International passenger arrivals at NAC-managed airports servicing civil aircraft

## AIRCRAFT OPERATORS

22 Local Air Operators, issued with an Air Operator's Certificate (AOC)



11 Foreign Air Operators, issued with a Foreign Operator's Permit (FOP)



## ACTIVE PILOTS



131 = 113 + 18  
 Aeroplane pilots      Helicopter pilots  
 Airline Transport Pilot Licence (ATPL) holders

350 = 307 + 43  
 Aeroplane pilots      Helicopter pilots  
 Commercial Pilot Licence (CPL) holders

465 = 446 + 19  
 Aeroplane pilots      Helicopter pilots  
 Private Pilot Licence (PPL) holders

## AIR TRAFFIC CONTROLLERS



46 = 38 + 8  
 Civilian      Military

### AIRCRAFT MAINTENANCE ENGINEERS



127

Active Aircraft Maintenance Engineers, consisting of 117 men and 10 females

### AIRCRAFT MAINTENANCE ORGANISATIONS



Aircraft Maintenance Organisations (AMOs)

31 = 11 + 20  
 Local AMOs      Foreign AMOs

### REGISTERED AIRCRAFT



215

Microlights



76

Rotorcraft



330

Small Aeroplanes <5,700 kgs



29

Large Aeroplanes >5,700 kgs

### AERODROMES



3 Licensed aerodromes

63 Registered aerodromes

180 Active Air Fields

### AVIATION SECURITY QUALITY CONTROL ACTIVITIES



3 Audits

84 Inspections

10 Surveys

3 Investigations

5 System Tests

# LEADERSHIP

THE BOARD OF DIRECTORS GUIDES 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.



## KOSMAS EGUMBO

CHAIRPERSON

Mr Egumbo is the Group Chief Executive Officer of Old Mutual Namibia. He has completed the General Management Programme (GMP) at Harvard Business School; holds a BSc degree in Electrical Engineering and completed a leadership programme at INSEAD.

## REINHARD GÄRTNER

DEPUTY CHAIRPERSON (UNTIL 27 MAY 2019)

EX OFFICIO BOARD MEMBER:  
INTERIM EXECUTIVE DIRECTOR (FROM 28 MAY 2019)

Prior to accepting his current position, Mr Gärtner spent many years in corporate management before entering the private sector, successfully running his own companies in the aviation and tourism sector. He has a BSc and MBA degree to his credit and various aviation-related certificates and ratings.

## EMMA KANTEMA-GAOMAS

BOARD MEMBER

Qualified with a MBA, Ms Kantema-Gaomas is currently the Executive Director of the Ministry of Youth and Sport and previously the Corporate Secretary of the Social Security Commission.

## MATILDA JANKIE

BOARD MEMBER

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.



## ANGELINE SIMANA

EX OFFICIO BOARD MEMBER: EXECUTIVE DIRECTOR (UNTIL 27 MAY 2019)

Ms Simana holds a MPhil (Transport and Logistics) from the University of Stellenbosch, a BEcon 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.

## ALTERNATE BOARD MEMBERS:



## UNO KATJIPUKA-SIBOLILE

ALTERNATE BOARD MEMBER

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



## UANJENGUA KATJUANJO

ALTERNATE BOARD MEMBER

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.



## IGNATIUS THUDIYANE

ALTERNATE BOARD MEMBER

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.

# NCAA EXECUTIVE COMMITTEE



REINHARD GÄRTNER  
INTERIM EXECUTIVE DIRECTOR



GORDON ELLIOTT  
CHIEF LEGAL COUNSEL



BRYN STAFFORD-EVANS  
CHIEF FINANCIAL OFFICER



PETER MARAIS  
GENERAL MANAGER & HEAD OF AIR  
NAVIGATION SERVICES



LOUISE STOLS  
SAFETY ADVISOR TO THE INTERIM  
EXECUTIVE DIRECTOR



TOBIAS GÜNZEL  
ACTING GENERAL MANAGER:  
COMMUNICATIONS, NAVIGATIONS &  
SURVEILLANCE & ICT PROJECTS



CHRISTOPH SEIMELO  
ACTING CORPORATE SECRETARY



BEVERLEY SKRYWER  
MANAGER: HUMAN RESOURCES

# THE NCAA SENIOR MANAGEMENT TEAM CONSISTS OF:



**GOLDEN SITEKETA**  
SENIOR MANAGER: AERODROMES & GROUND AIDS



**GORDON NANUB**  
SENIOR MANAGER: PERSONNEL LICENSING



**ANTHONY ATEJIOYE**  
SENIOR MANAGER: PROJECTS



**JULIAN GOUWS**  
SENIOR MANAGER: AVIATION SECURITY



**GEORGE MATROOS**  
SENIOR MANAGER: SAFETY PROMOTION AND QUALITY



**JACQUELINE STIEMERT**  
SENIOR MANAGER: COMPLIANCE AND REGULATORY RISK



**ROBERT MATHE**  
SENIOR MANAGER: AIRWORTHINESS



**SARAFINA MAXWANU**  
SENIOR MANAGER: AIR NAVIGATION SERVICES SAFETY OVERSIGHT



**JEREMIA KAMATI**  
SENIOR MANAGER: AIR NAVIGATION SERVICES AIR TRAFFIC SERVICES



**HILMA LEONARD**  
SENIOR MANAGER AIR NAVIGATION SERVICES AERONAUTICAL INFORMATION MANAGEMENT



**ABIATAR NTINDA**  
SENIOR MANAGER: AIR NAVIGATION SERVICES COMMUNICATIONS, NAVIGATIONS & SURVEILLANCE



**HARRY ROBERTS**  
SENIOR MANAGER: AIR NAVIGATION SERVICES SAFETY AND QUALITY

# DELIVERING VALUE THROUGH OUR STRATEGY



## PEOPLE AND CULTURE

In an industry where regulatory compliance is paramount, it is vital that we have the right people with the right skills in the right positions. The NCAA introduced a new organisational structure, making provision for 314 positions that are based on the ideal number of personnel to implement and maintain international standards and recommended practices. A phased approach will be followed to get to the required levels and for the next five year, we targeted a staffing level of 222 staff. A culture change management programme will be formulated to ensure staff is committed towards our commercial business model which needs to be adopted to produce efficient and effective outcomes for our stakeholders.



## FINANCIAL SUSTAINABILITY

The Authority's ability to execute its mandate hinges on financial sustainability. The establishment of the NCAA as a separate juristic person and entity-not-for-gain on 1 November 2016 led to the ongoing support by Government through subsidisation of the aviation industry in air navigation and safety oversight activities. This resulted in the need to amend outdated charges to the aviation industry for the first time since 2006 in order to cover operational and expected capital costs. The new charges and fees are cost-based, non-discriminatory and based on 'user pay' principles. Government will be approached to make appropriation provision for recovery of 'public good' surveillance costs. The cost of developing and supporting the regulatory framework should be borne by the industry using the 'user pays' and the 'capacity to pay' as the driving principles (as well as normal international practice).



## OPERATIONAL SERVICES, SYSTEMS AND PRODUCTIVITY

The NCAA's operational services, systems and productivity will receive dedicated attention in the next five-year period. Currently, many divisions are understaffed. The Air Navigation Services (ANS) experienced a high volume of staff loss (15-20 per cent) and the Air Traffic Services (ATS) area in particular has experienced a chronic shortage of staff. Recruitment in priority areas will commence as soon as the job profiling and valuation process is completed. Currently, Aeronautical Information Services (AIS) are using multiple parties with multiple data entry points and paper-based processes. These largely manual processes are subject to vulnerability to loss of data integrity, broken audit trails and disabled traceability and delays in processing, so automation is the main priority. Investment in a modern Communications, Navigations and Surveillance (CNS) infrastructure has been a priority for the NCAA; however, insufficient resources in both operations and manpower, has led to reduced system reliability, which will be addressed.

## FIVE PILLARS TO EXECUTE OUR MANDATE: CURRENT AND UPCOMING FINANCIAL YEARS

The NCAA identified five pillars that form the backbone of our strategies to achieve our objectives, consistent with our vision and mission. The strategies have been developed to take full account of the Authority's strengths and weaknesses, risks and opportunities. Each of the five pillars are supported by strategic objectives and actions, measured by key performance indicators (KPIs) following the balanced scorecard measurement framework.



### RISK, SAFETY MANAGEMENT AND STATE SAFETY PROGRAMME

Prior to the NCAA's establishment, limited risk management was undertaken. In the Air Traffic Services (ATS) operational environment, safety management usually encompasses controlled change management with safety assessments routinely undertaken and documented. This has been identified as a weakness within the Air Traffic Services (ATS) and Communications, Navigations and Surveillance (CNS) environments and will receive urgent attention.

ICAO requires Member States to implement a state safety programme which requires key aviation industry participants to become partners in sharing safety critical information. The NCAA will take a lead role in establishing the new programme and maintaining a single high-integrity database containing the required information. This programme will be integral to the aviation safety and security promotion roles prescribed in Sections 9 and 10 of the Civil Aviation Act.



### MEETING INTERNATIONAL SAFETY OVERSIGHT STANDARDS

ICAO requires complying Member States to establish their oversight functions in accordance with eight critical elements, as outlined elsewhere in this report. The NCAA has inherited different degrees of achievement in relation to these critical elements. At the 2014 ICAO Coordinated Validation Mission audit, Namibia achieved an overall Effective Implementation (EI) score of 59 per cent. This average, however, disguises the very poor level of achievement in Critical Element CE4 - Technically qualified staff, CE7 - Surveillance Obligations and CE8 - Resolution of Safety Concerns, in particular. It should also be noted that the 2014 Audit did not assess the Air Navigation Services and security functions. More recent assessment of the current profile indicates that CE3 (which relates to organisational aspects and includes sufficient numbers of staff) and CE2 (which is regulations) is also lagging behind schedule, with the need to review regulations as a result of the enactment of the new primary legislation. The aviation Safety and Security strategies cover the following regulatory functions: flight operations; airworthiness; aerodromes and ground aids; personnel licensing; security; and air navigation safety oversight.



## SECTION 2

# PERSPECTIVE ON OUR BUSINESS

# OUR OPERATING CONTEXT

## NAMIBIA'S INTERNATIONAL OBLIGATIONS

Namibia has been a member state of the Chicago Convention of 1944 (and thus, ICAO) for close on 29 years (since 31 May 1991). Currently ICAO comprises about 193 Members States and launched its celebrations programme for its 75<sup>th</sup> anniversary in 2019.

One of ICAO's main objectives is to secure international co-operation at the highest possible degree of uniformity in regulations and standards, procedures and organisation regarding civil aviation matters worldwide.

Namibia also domesticated the International Air Services Transit Agreement of December 1944 in its Civil Aviation Act (as per Schedule 2 of the Act) to enable it to follow the governance of the rights to and obligations of air transport services worldwide.

Since being a member of the international civil aviation community, Namibia has strengthened its oversight obligations and compliance levels

in civil aviation through the adoption, by way of accession, ratification (in the National Assembly), and depositing, of an array of treaty instruments such as on Quadrilingualism (in the workings of ICAO), the composition of the Air Navigation Commission and Council in ICAO, amendments to the Chicago Convention (e.g., articles 3bis and 83bis), the Montreal Convention of 1999 on the Unification of Certain Rules for International Carriage by Air and on other acts committed on board of aircraft and on hijacking and unlawful seizure of aircraft, among others.

The latest achievement by Namibia under this international regime was the deposition with UNIDROIT (the International Institute for the Unification of Private Law) in Rome in July 2018, of its instruments of accession under the Cape Town Convention (CTC) and Protocol (of 2001) on International Interests in Mobile Equipment and Protocol thereto on Matters Specific to Aircraft Equipment.

## NAMIBIA HAS BENEFITED FROM SUPPORT THROUGH ICAO'S AUDIT PROGRAMMES

With a view to ensuring the incorporation of the provisions of the Cape Town Protocol into Namibian domestic legislation, such as, for example, on the cross-border transferability of aircraft, the NCAA also participated in the Aviation Working Group regional event in June 2018 in Cape Town where there was sharing of the experiences of other countries/civil aviation authorities facing similar challenges to secure economic benefits of the CTC.

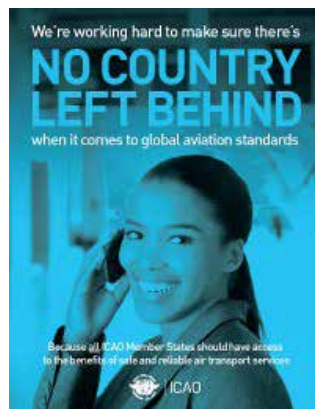
The NCAA's international profile in civil aviation is also advanced through its membership of the Africa Civil Aviation Commission (AFCAC), and the regional arrangement (that is, Southern African Aviation Safety Oversight Organisation (SASSO) under the SADC Protocol for Transport, Meteorology and Communications. Under AFCAC, Namibia benefited from its continental and regional collaborative and coordination efforts on the aviation security plan, and on the Single African Air Transport Market (SAATM) which already has the support of the Cabinet. Under the SADC umbrella, initiatives were aimed at the improvement of overflight safety under the ESAF Flight Information Region (FIR), and on the viability of establishing a coordinating mechanism for a proposed safety regional oversight body.

The NCAA actively continues to ensure that Namibia complies with the minimum international 'standards and recommended practices' (SARPS) through ICAO's 19 Annexes and which it is expected to incorporate in its national legislative frameworks. As such, these efforts resulted last year in the NCAA issuing by way of gazetting a set of comprehensive new and amended civil aviation regulations which went a long way in ensuring a

successful outcome of the aviation security audit. By the end of the reporting period the Minister and the Board received comprehensive updates and progress reporting on the additional regulations-making processes which will impact the future safety audits on Namibia in 2020.

Two policy initiatives which the global community adopted with one voice are the Global Aviation Safety Plan and the Global Aviation Security Plan.

Another benefit to Namibia for being part of the international civil aviation community is the regular ICAO monitoring of Namibia's compliance through two audit programmes, namely the Universal Safety Oversight Audit Programme (USOAP) and the Universal Security Audit Programme (USAP).



There are also capacity-building and policy initiatives to support States, where needed, through the 'No Country Left Behind' policy. Namibia has benefited from support through this

initiative through a national technical support project.

## SIGNIFICANT PROGRESS IN REDUCING WORLD-WIDE ACCIDENT RATES

For example, in other parts of this report, the technical cooperation with ICAO's Technical Cooperation Bureau (TCB) are reflected on.

Successes to reduce worldwide accident rates can be attributed to the significant progress that has been achieved by Member States in increasing the global overall effective implementation (EI) of ICAO safety and security requirements. Most States whose EI for safety was below 60 per cent — which is the target set globally for effective safety oversight — have increased their level of EI in safety to over 60 per cent, including Namibia whose effective level of implementation increased from 48.7 per cent to 59.87 per cent in 2014 then to 60.23 in December 2016 after a desk study review of the new Act.

The improvements to global civil aviation contributes towards the achievement of the 2030 Agenda for Sustainable Development and 15 out of 17 Sustainable Development Goals of the United Nations — which include targets for the aviation sector agreed to between States and continent and regional level — have been incorporated in the NDP 5 of Namibia. It requires Namibia to have 73 per cent effective implementation by 2021 and 75 per cent by 2022.

## RAPID CHANGES IN AVIATION WORLD

The world of aviation continues to undergo rapid changes. Global air traffic volume is expected to double in the next fifteen years; new technologies are rolling out continuously; business models of aircraft ownership, registration and use are changing and industry activity is becoming increasingly complex and multinational.

These rapid developments make it increasingly difficult for many States to maintain their safety oversight responsibilities. Worldwide the decrease in trained aviation professionals, such as pilots, ATCs and other technical staff further complicates this challenge. Namibia, and thus the NCAA, is not immune to facing similar challenges.



## INCREASE IN UNMANNED AIRCRAFT VEHICLES (DRONES): AN UPDATE

One example of rapid changes in the global aviation landscape, and already previously reported on, is that of the increased use of unmanned aircraft vehicles (UAVs, popularly also known as ‘drones’), and on how the NCAA currently controls the use thereof in Namibian airspace.

These aircraft are increasingly being used for a wide range of applications, varying from meteorological applications, photography, farming, sporting or private use (toy aircraft), to highly complex aircraft piloted from remote locations by licensed aviation professionals. The latter are part of a category referred to as beyond line-of-sight (BVLOS) or visual line-of-sight (VLOS) operations, operated from a remotely piloted aircraft system (RPAS).

Given the number of applications and enquiries received, Namibia is also expected to enter the world of UAV deliveries in its airspace from point to point soon. Thus, by the end of the reporting period, the

draft set regulations on UAVs had been submitted for scrutiny by the Ministry of Justice’s legal drafters. It is expected to be promulgated by the end of 2019.

ICAO has directed, by an amendment of Annex 1, that Member States establishes a pilot personnel licensing regime for UAVs, which must become applicable by end of 2022.

## NAMIBIA ON TRACK WITH IMPLEMENTATION OF ITS STATE SAFETY PROGRAMME

A global approach to safety oversight is regarded as a vital strategy to reduce risks that rapid changes to the aviation industry may introduce.

Such an initiative to safety is spearheaded by ICAO through its Global Aviation Safety Oversight System (GASOS). It is designed to be a voluntary, standardised assessment and recognition mechanism for safety oversight organisations (SOOs) such as State civil aviation authorities, regional safety oversight organisations (RSOOs) and accident investigation organisations.

Namibia's SSP is provided for in Parts 11 and 140 of its new regulations of 2018 (as per Government Notice 6763 dated 8 November 2018.)

The main purpose of safety oversight is to reduce the accident rate accidents and incidents. ICAO reports on accident rates in a harmonised way through data collected from Member States. Their data includes accident information on scheduled and non-scheduled commercial operations, including ferry flights for aircraft with a maximum take-off weight (MTOW) above 5,700 kg, focussing mainly on the fatality rate.

Under the GASOS, the NCAA will thus receive as a SOO, access to information and systems to effectively assist in the implementation of our safety oversight obligations. This is expected to allow for more efficient and effective use of limited resources, greater harmonisation worldwide and an overall increase to safety performance.

Currently the system is tested with various States on a voluntary basis.

Under the implementation of the programme with Annex 19 as basis, Namibia will be introducing the safety risk-based oversight in terms whereof targets for aviation safety will be set in consultation with a variety of stakeholders. The coordinating body established in Regulation Part 11 will manage the achievement of the targets at national level.

Namibia is on track with the implementation of its State Safety Programme (SSP) which is expected to be fully operational by 2023. Staff training has taken place and further expert support under the ICAO technical programme is planned.

## AIR TRAFFIC FLOWS CONTINUE TO INCREASE

As in other regions, air transportation in southern Africa relies on a central hub through which most traffic flows. For the SADC region, this is the OR Tambo International Airport in Johannesburg, South Africa. With a capacity to handle 28 million passengers annually, it is Africa's largest airport, serving traffic from most countries on a daily basis, including through-traffic between capitals of SADC Member States, such as Namibia.

As air traffic in the region expands, most of it will pass through Johannesburg, which is currently set to accommodate an increase of an addition two million passengers a year by 2030, which will further increase to an additional three million passengers by 2040.

With only about 800,000 passengers per year currently, Namibia is likewise experiencing an increased number of foreign airlines flying into its airspace (TAAG, KLM and Qatar Airways) with an increased number of passengers visiting annually, already exceeding the capacity of the Hosea Kutako International Airport.

**This requires Namibia to embark on suitable expansion plans for airports and its facilities. And the NCAA will have to provide the capacity to oversee such developments.**

# ENGAGING OUR STAKEHOLDERS

## Issues impacting our business model

Understanding and being responsive to the interests of our stakeholders through effective dialogue and engagement is critical to delivering on our core purpose. This is particularly important for us, given that aviation is a challenging industry, with strong interests from multiple sectors and stakeholders. Across our

operations, the focus of our engagement has been with those stakeholders who have the most significant impact on our business and its ability to create value.

The table on the next page provides a brief review of our key stakeholder groups, their contribution to our value

creation, the most material interests of that group, and how we engage with them to address these interests.

We recognise that there is significant diversity within each group, with individual stakeholders often having very different interests.



The priority interests listed below are a broadly indicative reflection of each stakeholder group's priorities as assessed by the management team on the basis of our ongoing engagements.

STAKEHOLDERS	CONTRIBUTION TO VALUE CREATION	HOW WE ENGAGE
<p><b>1</b></p> <p><b>EMPLOYEES, SECONDED AND CONTRACTED STAFF</b></p>	<p>Our employees provide the necessary skills, experience, diversity, productivity and environment to operate effectively and efficiently.</p>	<p>Our employee engagement is aimed at aligning employees to the NCAA's goals and values, and to be motivated to contribute to the Authority's success with an enhanced sense of their own well-being.</p> <p>Current interactions include information sharing sessions and newsletters.</p>
<p><b>2</b></p> <p><b>GOVERNMENT AS SHAREHOLDER AND OTHER GOVERNMENT DEPARTMENTS</b></p>	<p>Government provides financial approval and capital, as well as advice and guidelines that is critical to value creation, sustainability and growth.</p>	<p>Communication through integrated annual reports, press releases and our website. We seek to build and maintain positive relationships with Government departments and regularly engage through meetings, telephone calls and e-mails.</p>
<p><b>3</b></p> <p><b>CUSTOMERS</b></p>	<p>Delivering an effective customer value proposition is the basis for all value generated and shared activities.</p>	<p>We strive to engage regularly and be responsive to customer interests, seeking feedback through individual engagements, as well as broader customer surveys, meetings and research, where possible.</p>
<p><b>4</b></p> <p><b>SUPPLIERS</b></p>	<p>Mutual respect and clearly defined terms of engagement enables us to deliver our value effectively and efficiently.</p>	<p>We engage regularly through meetings, e-mails and telephone calls with our major suppliers to ensure a mutually beneficial relationship exists.</p>
<p><b>5</b></p> <p><b>INDUSTRY ORGANISATIONS</b></p>	<p>Engaging with these organisations is key to driving best business practice, identifying issues and opportunities, and creating a conducive long-term relationship.</p>	<p>We are active participants in various industry organisations, including the International Civil Aviation Organization (ICAO), International Air Transport Association (IATA), Aircraft Owners and Pilots Association (AOPA), African Civil Aviation Commission (AFCAC), SADC Aviation Safety Organisation (SASO), etc.</p>
<p><b>6</b></p> <p><b>MEDIA</b></p>	<p>This stakeholder provides us with our reputation and societal legitimacy and are important partners in highlighting challenges.</p>	<p>Being a public interest entity, we are regularly included in the media, be it newspapers, radio or television, and engage regularly with journalists while frequently issue press releases.</p>

# MANAGING OUR MATERIAL RISKS

## Issues impacting our business model

The successful pursuit of the objectives of the Civil Aviation Act of 2016 is dependent on the diligent management of risk. A particularly important challenge is determining how much uncertainty to accept. Effective risk management reduces uncertainty giving more confidence in reducing threats and pursuing opportunities and enabling management to be more decisive in pursuing our Vision, Mission and Objectives, while taking into account the risk appetite of NCAA. The effect of additional elements outside normal business activities impacting on the achievement of objectives also needs to be considered, and the associated risks managed.

The NCAA has a structured and systematic process of identifying and managing all material risks. This process enables management to effectively respond to uncertainty and associated risk and opportunity, thus enhancing the capacity to build value.

Although delegated to the Executive Director, the Board of Directors remains responsible for the development and implementation of risk management plans within the NCAA, and is required to assess the effectiveness of risk mitigation plans via the Board Audit Committee. A Risk Management Policy and Framework was approved by the Board in the financial year and the Board is satisfied that the NCAA’s risk management processes are effective.

There were no specific risk incidents that resulted in financial loss or negatively impacted stakeholders of the NCAA.

The principal risks identified has having a material impact on the NCAA are detailed below.

### RISKS AND MITIGATION ACTIONS

#### 1 STAFFING

It is vital to have the right people with the right skills in the right positions.

- Introduction of bursary, cross function and skills upliftment programmes
- Improved staff engagement and awareness sessions
- Develop talent management policy and plan

#### 2 STAKEHOLDER MANAGEMENT

The aviation industry consists of multiple sectors and stakeholders and stakeholder management is material to the success of the NCAA.

- Update and accession to international treaties
- Improve understanding of NCAA’s role and relevance by engagement, educational campaigns, etc.
- Develop and implement a stakeholder management plan

#### 3 RELIABILITY AND SECURITY OF COMMUNICATION, NAVIGATION AND SURVEILLANCE SYSTEMS

Compliance to international civil aviation standards and procedures is non-negotiable; reliable systems is essential to be able to execute our mandate.

- Analyse infrastructure and identify gaps and weaknesses
- Finalise service level agreements (SLAs) with service providers
- Development of equipment replacement plan

## RISKS AND MITIGATION ACTIONS

**4 SAFETY AND SECURITY COMPLIANCE**

Safety and security is paramount to ensure safe skies for all.

- Finalisation and implementation of updated regulations
- Implementation of a national safety and security plan
- Safety and security campaigns
- Gap analysis in critical elements

**5 REGULATION COMPLIANCE**

It is the duty of the NCAA to ensure compliance to international, regional and local civil aviation regulations.

- Review, update and communicate the regulatory universe applicable
- Perform a GAP analysis in information security

**6 FINANCIAL LIQUIDITY**

The NCAA's ability to execute its mandate is dependent on being financial sustainable.

- Update of charges to industry
- Implement a debt recovery plan
- Lobby for funding

**7 GOVERNANCE**

Accountability and good corporate governance is the foundation of the NCAA's daily activities.

- Finalise performance and governance agreement with line ministry
- Delegation of authority to be rolled out to management
- Board training, performance scorecard and self-assessment

**8 DISASTER RESPONSE AND RECOVERY**

The ability to handle disasters and recovery is vital.

- Disaster recovery plans to be finalised and tested
- Business continuity plans to be set up and tested

**9 RELIABILITY AND SECURITY OF CORPORATE ICT**

The aviation industry is technology-driven and NCAA has to be assured of the reliability and security of its ICT systems.

- Service Level Agreements with suppliers
- Penetration testing of system
- Policies and procedures to be finalised in line with international standards

**10 PROJECT MANAGEMENT**

The civil aviation industry is ever-changing and the NCAA has to have the ability to manages multiple projects impacting on its value-creation processes.

- Use of project steering committees
- Proper design and scope determination
- Project management systems to be implemented

# PROTECTING OUR VALUE THROUGH EFFECTIVE GOVERNANCE

## CORPORATE GOVERNANCE FRAMEWORK

The Authority's governance system is firmly aligned with the statutory requirements of the Namibia Civil Aviation Act, Act 6 of 2016. Effective and efficient governance is one of the core pillars of the Risk Management Framework, which the Board adopted during the reporting period. The system incorporates risk management reviews and updating, strategy and policy setting, internal and external communication.

As a consequence of compliance and quality assurance, the system of delegation and performance standards of appointees received priority attention and this is evidenced by the audited reports of the NCAA provided in this report.

The governance horizon also requires compliance with relevant provisions of the Public Enterprises Governance Act, the State Finance Act of 1991, the Public Procurement Act, and 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, and other civil aviation laws, among others.

The NCAA was placed in a position to issue updates on a comprehensive suite of regulations that also facilitated the effectiveness of the ICAO Continuous Verification Mission (security audit – reported on elsewhere in this report).

Critical to the governance framework is the role required of the Board in terms of the Act and their reporting to the Minister (in this instance, the Minister of Works and Transport).

In turn, the role of the Executive Director is clearly set out as being the “accounting officer” who must be “directly and solely accountable to the Board” (section 33). Thus, Board records for the year indicate the regular submission of performance reports on the execution of functions and implementation of Board decisions.

Institutionalisation of the NCAA remained and was a major feature of Board actions. In pursuance of the aforementioned, the Board enabled stakeholder consultations from the Ministerial level, both national and international organised industry entities, aviation operators and on staffing matters.

## BOARD OF DIRECTORS

The Board has been constituted in accordance with the provisions under section 12 of the Act. It 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. Thus, it served the second year of its mandate.

The Board of Directors comprises four non-executive Board Members and the Executive Director, and four alternate members. During the course of the year only one office of alternate director remained vacant. 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.

As is required by the Act, every director must 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 declarations were subjected to review during the year. Every meeting recorded the declaration by members of the opportunity afforded them to declare conflicts of interest and where so made, was handled as per the stipulations of the Act.

The Executive Director holds office by virtue of being employed as Executive Director of the NCAA. The contracts of employment of the Executive

Director and senior managers were subjected to a rigorous review on the basis of pre-determined performance management frameworks. By the end of the reporting period the contracts were the subject of renewal processes.

## BOARD COMPOSITION AND ATTENDANCE

The Board held six Ordinary Meetings regularly in the manner stipulated in the Act. Two Special meetings were required to be held to address urgent organisational establishment matters. Thus, eight meetings in total were held by the Board. The number of meetings held and attended by each member is indicated in the schedule below. The quorum attendance rate came in at 88.5 per cent.

The Board is composed of the following members:

NAME & SURNAME	CAPACITIES	TERM EXPIRY (WITH EFFECT FROM)	NUMBER OF MEETINGS ATTENDED
Mr Kosmas Egumbo	Chairperson	2 November 2021	7
Mr Reinhard Gärtner	Deputy Chairperson Interim Executive Director - ex officio, from 28 May 2019	2 November 2020	6
Ms Matilda Jankie	Board Member	2 November 2020	7
Mrs Emma Kantema-Gaomas	Board Member	2 November 2020	3
Ms Uanjengua Katjiuanjo	Alternate Board Member	2 November 2020	3
Mr Ignatius Thudinyane	Alternate Board Member	2 November 2020	n/a
Ms Uno Katjipuka-Sibolile	Alternate Board Member	2 November 2020	2
Ms Angeline Simana	Executive Director – ex officio, until 27 May 2019	31 December 2018/ extended from January 2019	7
Alternate member	Vacant		

The minutes of each of such meetings have been completed and scrutinised by the independent auditors for purposes of financial and management reporting (see Annual Financial Statements).

### BOARD COMPENSATION

Compensation for the Board, reflected in the Income Statement of the Annual Financial Statements, include prescribed sitting and retainer fees, payment for chairing Board Committees, reimbursement of travel and related business expenses, among others, as approved by the line Minister, in accordance with the Ministry of Public Enterprise’s directives.

### BOARD COMMITTEES

The Board discharges its fiduciary responsibilities directly and through committees according to provisions of the Act.

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 Executive Director is a member of each Committee.

The Board Committee system is structured as follows:

NAME OF COMMITTEE	MEMBERSHIP	NUMBER OF MEETINGS ATTENDED
<b>1. Safety, Security, Regulatory and Legal Committee</b> (4 meetings ) 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	4
	Ms M Jankie	4
	Ms U Katjipuka-Sibolile	4
	Executive Director (ex officio)	4
<b>2. Human Resources Committee</b> (5 meetings) 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	5
	Ms E Kantema-Gaomas	3
	Mr I Thudinynane	3
	Executive Director (ex officio)	5
<b>3. Audit and Risk Committee</b> (3 meetings) 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-Gaomas: Chairperson	2
	Mr K Egumbo	3
	Ms U Katjiuanjo	3
	Executive Director (ex officio)	3

## ACHIEVEMENTS: STRATEGIC POLICY DEVELOPMENTS

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

POLICY RESOLUTIONS DEVELOPED AND ADOPTED	DATE
The Budget approvals 2018/19 & 2019/20	April 2018/February 2019
Air Navigations Bursary programme	April 2018
The organisational structure of the NCAA	June 2018
The signed-off financial statements for the year 2017/18	June 2018
Remuneration strategy for NCAA employees	June/October 2018 and February 2019
Preparation for the ICAO-CMA (USAP – security) audit	August 2018
The Annual Report, and Business and Financial Planning reviews of the NCAA	September 2018
NAMCARS amendments	April/ September 2018

## TRAINING, ORIENTATION AND INDUCTION

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, and in Aviation Security by the Concordia University in Dubai.

## CORPORATE SECRETARIAT

The Board is supported by the two Corporate Secretariat staff members 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 Elliott and Mr Christopher Seimelo.



SECTION 3

OUR 2018/19

PERFORMANCE

# FINANCIAL PERFORMANCE

“ AS A RESULT OF THE AMENDED CHARGES TO INDUSTRY, THE NCAA IMPROVED ITS OPERATING RESULTS. ”

With the establishment of the NCAA as a separate juristic person and entity-not-for-gain on 1 November 2016, came the process of reduction in Government subsidisation of the civil aviation industry in air navigation and safety oversight activities. This resulted in the need to amend charges to the aviation industry for the first time since 2006 in order to cover operational and expected capital costs.

Amended air navigation charges and a new safety oversight fee were introduced with effect from 1 December 2018 after a year-long process which included consultation with industry and industry representatives.

As a result of the amended charges to industry, the NCAA improved its operating result from a deficit of **N\$116 million**, for the 17-month period ended 31 March 2018, to a deficit of **N\$60 million** for the year ended 31 March 2019.

The current financial year had the Government contribute **N\$99 million** to the establishment of the NCAA, compared with **N\$245 million** for the 17-month period ended 31 March 2018.

Establishment costs include the costs of staff secondment from the Ministry of Works and Transport, contracted staff from ICAO and aviation system maintenance contractual payments. With the transition of staff to the NCAA, it is expected that Government subsidies will reduce further in the 2020 financial year and eventually cease.

Operating expenses grew comparatively from **N\$210 million** expensed in the 17-month period ended March 2018 to **N\$205 million** in the reporting year, due mainly to an additional specific N\$31 million doubtful debt provision raised on a major customer due to its weak liquidity and solvency situation.

## CASH FLOW

The NCAA's **cash balance** (including short-term investments) at 31 March 2019 was **N\$139 million** (N\$82 million in 2016-18). The increase in cash reserves was due mainly to a delay in the transition of staff from the now defunct Directorate of Civil Aviation to the NCAA, as the continued cost of secondment was borne by Government and amounted to **N\$58 million** for the year. The cash position further improved by the introduction of amended charges to industry which saw **cash received from customers grew by N\$25 million**, from N\$78 million (2016-18, 17-month period) to **N\$103 million**. These inflows were offset by an increase in expenses paid for by the NCAA.

## FINANCIAL POSITION

The key indications of the health of the NCAA's financial position currently are its asset base, liquidity and solvency. Property, plant and equipment assets are yet to be transferred by Government gazette notice to the NCAA from the now

defunct Directorate of Civil Aviation under the Ministry of Works and Transport. These include land and buildings, office equipment and furniture, as well as air navigation networks and systems. This process is expected to be completed in the 2020/21 financial year and the depreciated value of these aged assets is approximately N\$300 million.

The NCAA remains liquid with **N\$139 million in cash reserves** (including short-term investments) while solvency is positive with Government contributions covering net costs of establishment. Negatively impacting cash reserves in the near future will be the significant capital replacement and development plans which will see core navigation systems being upgraded or replaced, as well as new capital projects.

Additionally, the employment cost of seconded and contracted staff who are to be appointed to the NCAA, as well as the filling of key vacant positions in the work-force plan, will further consume cash generated from operations and cash reserves.

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- N\$146 MILLION - N\$56 MILLION + N\$25 MILLION

### Reduce reliance on Government:

Government contributed N\$99 million to NCAA in the reporting year, compared with N\$245 million for the previous 17-month period.

### Reduce deficit with N\$56 million:

The NCAA improved its operating result from a deficit of N\$116 million, for the 17-month period ended 31 March 2018, to a deficit of N\$60 million for the year ended 31 March 2019.

### Cash received from customers: The

NCAA's cash position improved by the introduction of amended charges to industry, which increased cash received from customers from N\$78 million to N\$103 million.

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## FINANCIAL OUTLOOK

The NCAA has budgeted for an **operating deficit of N\$42 million** for the financial year ended 31 March 2020, with the cash shortfall being covered by Government subsidisation of staff secondment costs up to 31 October 2019.

Expenses forecasted for the next financial year include:

### » N\$101 MILLION IN EMPLOYMENT COSTS

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### » N\$57 MILLION DEPRECIATION COSTS EARMARKED FOR CAPITAL DEVELOPMENT AND REPLACEMENT COSTS

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### » N\$45 MILLION IN EXPERT CONSULTING FEES TO ACHIEVE AND MAINTAIN SAFETY STANDARDS

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### » N\$23 MILLION IN TRAINING COSTS TO DEVELOP LOCAL SKILLS

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### » N\$20 MILLION IN TRAVEL RELATED COSTS TO SERVICE OPERATORS LOCALLY AND ABROAD

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### » N\$13 MILLION IN LEASING COSTS COVERING THE AIR NAVIGATION SERVICES

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### » N\$51 MILLION OTHER COSTS, LIKE BUILDING AND EQUIPMENT MAINTENANCE COSTS, INSURANCE AND BAD DEBT EXPENSES.

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To offset an **expected cost base of N\$310 million**, the NCAA has budgeted revenue for the following:

- » N\$204 million in air navigation charges
- » N\$53 million in safety oversight charges
- » N\$3 million from regulatory service fees, and
- » N\$8 million from other income and interest

The budget is, however, highly dependent on the financial results, cash flows and position of its major customer which accounts for nearly one-third of revenue, as well as the general health of the economy which drives air transportation activity.

# SAFETY SURVEILLANCE AND AUDITING ACTIVITIES

## ANSWERING TO OUR OBLIGATIONS UNDER THE 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.





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## THE NCAA CONTINUES TO PLAY A VITAL ROLE IN THE HEALTH OF THE NAMIBIAN CIVIL AVIATION SYSTEM

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;**
- **certification and approvals of all participants – new and existing – in the aviation industry; and**
- **our resourcefulness to ensure continuous surveillance.**

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.

# 01. PERSONNEL LICENSING (PEL)

## WHAT WE DO

Personnel Licensing (PEL) division is responsible for implementing ICAO Annex 1 provisions within the NCAA. The division issues and renews personnel licences and ratings and, in the case of foreign licences issued by ICAO member states, validates and converts the licences and ratings.

PEL also undertakes the function of designating and overseeing flight examiners in their conduct of tests and examinations for all types of licences and ratings for pilots, cabin crew, air traffic service personnel and aircraft maintenance engineers.

In addition, PEL respectively designates English proficiency and aeromedical examiners for carrying out language proficiency and aviation medical examinations.

In its scope of responsibilities, PEL certifies and conducts surveillance of aviation training organisations (ATOs) to ensure that their approved training activities continuously meet regulatory requirements and recommended flight safety standards.

### CRITICAL ACHIEVEMENTS DURING THE REPORTING PERIOD

1. Implementation of software system for Air Traffic Services and Aircraft Maintenance Engineer licences.
2. PEL regulations and technical standards have been updated.
3. Flight and Aviation Medical examiner Manuals have been improved and new systems implemented.
4. CATS document was published for Part 61.
5. An increased number of investigations related to enforcement were undertaken.

### LOOKING AHEAD: PLANNED ACTIVITIES FOR NEXT FINANCIAL YEAR

1. Promulgation of PEL regulations.
2. Review and amendment of remaining PEL Manuals and Handbooks.
3. Implementation of software system for pilots and cabin crew licences, as well as for medical certification.
4. Re-certify cabin crew and ATS examiners.
5. Implement English Language Proficiency test for cabin crew.
6. Certify cabin crew and foreign aviation training organisations.

## ACTIVITIES CARRIED OUT DURING THE REPORTING YEAR:

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### CRITICAL ELEMENT CE-2: REGULATIONS

All PEL regulations have been updated to include the latest international standards and recommended practices.

Workshops with industry planned for second quarter of 2019.

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### CRITICAL ELEMENT CE-3 & CE-4: TECHNICAL STAFF QUALIFICATIONS AND TRAINING

CE-3: The section is still understaffed and recruitment of vacancies are planned for August 2019. Transition of seconded and ICAO project staff into NCAA positions are earmarked for June 2019. Staff shortages have hampered some of the PEL activities, however,

although delays might have been experienced, all activities were carried out in due course.

CE-4: Limited training took place during the reporting period, although on-the-job training continued.

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### CRITICAL ELEMENT CE-5: TECHNICAL GUIDANCE AND TOOLS

The Flight Examiner and Medical Examiner Manuals have been reviewed and updated to reflect the new

procedures that were introduced for examiner.

## CRITICAL ELEMENT CE-6: CERTIFICATION, LICENSING AND APPROVAL OBLIGATION

One International Aviation Training Organisation (ATO) has applied for certification and the process is currently at phase 3 of the certification process.

The PEL department reviewed all protocol questions in its area and uploaded 80% of its evidence in support of the questions.

The PEL division is in process of implementing new software and during the reporting period, the Air Traffic Services and Aircraft Maintenance Engineer licences have transitioned to the new system. Data capturing have been completed for cabin crew and airline transport pilots, whilst the rest of the pilot information is still in process. During the reporting period, the NCAA has acquired a software system for administering theoretical knowledge examinations, which will be rolled out in the next financial year.

The process for the designation of flight examiners was reviewed and amended in order to meet the specifications detailed in the Flight Test Guides (FTGs) published as appendices to NAMCATS Part 61, which was first issued under a directive in December 2017. Flight examiners have been re-certified in accordance with the new procedures.

The following tables contains figures of activities carried out during the reporting period.

CERTIFICATION	NEW APPLICATIONS	NO. IN PROCESSING	NO. CERTIFIED	COMMENTS
Part 141 ATOs Local	1	3	Nil	-
Part 141 ATOs Foreign	2	1	1	-
Aeromedical Examiners & Practices	Nil	Nil	Nil	10 already certified
Designated Flight Examiners	27	19	8	The scheduling of interviews and assessment workshops for applicants has not been easy given that a minimum of 6 applicants is required for any workshop to be arranged cost-effectively.

TYPE	EXEMPTIONS			COMMENTS
	NO. RECEIVED	REJECTED	GRANTED	
Age 60	12	Nil	10	Two applications are in process.
ANS	2	Nil	2	-

LICENCE/RATING TYPE	NO. OF INITIAL ISSUES	NO. OF RENEWALS	NO. REJECTED	NO. VALIDATED	NO. CONVERTED
Student pilots	104	150	0	0	0
Private Pilots	44		0	14	0
Microlight pilots	15		0	0	0
Free Balloons	0	0	0	0	0
Commercial pilots	48		0	20	9
Airline Transport pilots	18		0	16	9
Air Traffic Service Personnel	22		1	0	0
Cabin Crew	24		0	0	0
Aircraft Maintenance Engineers	18	58	0	0	0
Ratings (pilots)	184	340			
Ratings (cabin crew)		45			
Ratings (air traffic service personnel)		206			

## CRITICAL ELEMENT CE-7: SURVEILLANCE ACTIVITIES

The following surveillance activities were carried out during the reporting period.

SURVEILLANCE (CE-7)	CURRENT HOLDERS	WORK PLAN TARGETS		COMMENTS
		PLANNED	NO. INSPECTED	
Part 141 ATOs Local	6	2	2	-
Part 141 ATOs Foreign	20	Nil	Nil	NCAA audits foreign ATOs every third year after initial certification.
Aeromedical Examiners & Practices	10	10	10	-

## CRITICAL ELEMENT CE-8: RESOLUTION OF SAFETY CONCERNS

PEL department withdrew a instructor rating which was issued in error. PEL department took action to rectify medical certificates which were issued in error. An investigation commenced after reports were received of substance abuse.

# 02. AERODROMES AND GROUND AIDS (AGA)

## WHAT WE DO

The primary responsibility of the AGA section is to ensure that the aerodromes under the jurisdiction of the State offer a safe operational environment in accordance with the Convention on International Civil Aviation; and the

State’s obligation under Article 38 of the Convention to notify ICAO of differences between its national regulations and practices and the International Standards contained in Annex 14, Volume I, are met.

## CRITICAL ACHIEVEMENTS DURING THE REPORTING PERIOD

1. Promulgation of NAMCARs, Part 139, 2018, which are coming into effect on 1st January 2020

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2. Licensing Hosea Kutako International Airport, Walvis Bay International Airport and Ondangwa Airport

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3. Commencement of NCAA recruitment process

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4. Advertisement of internal vacancies for AGA.

## LOOKING AHEAD: PLANNED ACTIVITIES FOR NEXT FINANCIAL YEAR

1. Industry consultation of NAMCARs and NAMCATS-AH, Part 139, 2018

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2. Complete amendment of NAMCARs and NAMCATS-AH, Part 139

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3. Certification of Hosea Kutako and Walvis Bay International Airport under NAMCARs, Part 139, 2018

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4. Sign-Off trainee inspectors

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5. Achieving a 95% Effective implementation of ICAO requirements

## ACTIVITIES CARRIED OUT DURING REPORTING YEAR:

### CRITICAL ELEMENT CE-2: OPERATING REGULATIONS/TECHNICAL STANDARDS

NAMCARs, Part 139, 2018 was promulgated on the 19th October 2018, with an effective date of 1st January 2020. National workshops are planned to consult the regulations with the industry.

### CRITICAL ELEMENT CE-3: ORGANISATION SAFETY OVERSIGHT

An acting Senior Manager was appointed effective from 7 October 2018 and the process for recruitment commenced with the advertisement of internal vacancies for Aerodromes and Ground Aids.

### CRITICAL ELEMENT CE-4: STAFF DEVELOPMENT TRAINING (CAPACITY BUILDING/TRAINING)

Departmental staff training continued and staff members attended an eTOD presentation by AIS to enhance future internal coordination. The acting Senior Manager attended an USOAP CMA Workshop and represented the NCAA at a conference on airport infrastructure organized by the US government agencies. Two staff members attended a Civil Aviation Management Programme.

### CRITICAL ELEMENT CE-5: GUIDANCE PROCEDURES INFORMATION (PROCEDURES, PAMPHLETS, WORKSHOPS)

Technical standards for Part 139 of the regulations was uploaded on the NCAA website for public comments. Technical Guidance Material (TGM) and Checklists have been reviewed and the process of updating it will be concluded in the next reporting period.

### CRITICAL ELEMENT CE-6: CERTIFICATION, LICENSING AND APPROVAL OBLIGATION

Three Namibia Airports Company (NAC) airports was issued with licences, fifty airstrips were registered, Two airstrips were deregistered, and three Obstacle assessment applications were received for processing.

CE - 6	TARGET	VARIANCE	COMMENT
Licensed Aerodromes	8	5	Demand driven
Registration of unlicensed Aerodromes	300	150	Demand driven
Obstacle Approvals	NIL	20	Demand driven



CRITICAL ELEMENT  
CE-7: SURVEILLANCE  
OBLIGATIONS  
(SURVEILLANCE AUDITS  
& INSPECTIONS; RISK  
ANALYSIS)

Two periodic inspections were carried out during which level-2 findings were raised that required the attention of the airport operators. One ad hoc inspection was carried out at Eros Airport following safety reports on the condition of the runway.

CE – 7	TARGET	VARIANCE	COMMENT
Periodic audits	8	5	Depended on licensed aerodromes
Surveillance Audits (Planned)	5	0	
Surveillance Audit (Safety Concerns)	0	2	Depending on safety/ incident reports

CRITICAL ELEMENT  
CE-8: RESOLUTION OF  
SAFETY CONCERNS

Consultative meetings were held with NAC to discuss their corrective action plans. Workshops were held with three mines on licensing and aerodrome operations manual requirements. Fifteen consultative meetings were held with unlicensed aerodrome owners and operators on new regulations requiring registration of airstrips.

CE – 8	TARGET	VARIANCE	COMMENT
On-site and in-house regulatory requirement workshops	0	18	Depends on operator request
Information sharing sessions on best practices	0	5	Depends on operator request
Consultations on open Corrective Action Plans	3	0	-
Occurrence Reports	34	15	Operators have submitted corrective action plans



## 03. FLIGHT OPERATIONS (OPS)

### WHAT WE DO

The Flight Operations division is responsible to ensure the implementation of the SARPS of Annexes 2 and 6. The division certifies air operators who apply to carry out air services within Namibia and, after certification, carries 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.

#### CRITICAL ACHIEVEMENTS DURING THE REPORTING PERIOD

1. Certification of two helicopter off-shore operators

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2. Re-certification of three operators

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3. Increased enforcement action against illegal operations

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4. Approval of RPAS operations

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5. Consultation with industry regarding draft regulations

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6. Education of industry on Safety Occurrence reporting

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#### LOOKING AHEAD: PLANNED ACTIVITIES FOR NEXT FINANCIAL YEAR

1. Promulgation of updates to regulations.

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2. Completion of re-certification process with all operators

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3. Completion of core courses for all inspectors

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## ACTIVITIES CARRIED OUT DURING THE REPORTING YEAR:

### CRITICAL ELEMENT CE-2: REGULATIONS

The division had a complete review of 10 Parts of the CARS and CATS as developed by an expert appointed through the ICAO capacity building project. The focus of this review was on

the readiness for promulgation of the regulations. Of these, 7 were found to be ready for industry comment and will be published on the NCAA website for public comments.

### CRITICAL ELEMENT CE-3: ORGANISATION

Three inspectors were recruited through the ICAO project. Filling of vacancies for the NCAA needs to be prioritised during the next reporting period.

### CRITICAL ELEMENT CE-4: PERSONNEL QUALIFICATIONS AND TRAINING

During the reporting year, a number of training events were scheduled for the sections and achieved. These training events have helped to move the section closer to having sufficiently qualified

staff to perform all safety oversight functions. Additional focus will be placed on completion of qualification of inspectors especially on job training.

CE-4	ACTUAL	TARGET
Inspector Training	9	12
Industry Workshops	3	4

## CRITICAL ELEMENT CE-5: TECHNICAL GUIDANCE AND TOOLS

During the early part of 2018 the technical guidance material for flight operation section was amended to comply with ICAO SARPS. Focus was placed in the section on developing

checklists and procedures that match and comply with the NAMCARS as well as TGM. For the next reporting period focus needs to be placed on development of TGM for special approvals.

## CRITICAL ELEMENT CE-6: CERTIFICATION, LICENSING AND APPROVAL OBLIGATION

Certification of operators are ongoing, and two Namibian operators successfully complete the certification for off-shore operations due to the increase in oil and gas exploration along the Namibian coastline. It is the first time such operations are conducted under the auspices of Namibian AOC holder. Renewed effort has been placed on completion of certification of the seven outstanding

operators. Four prospective operators have applied and commenced their certification process.

During the reporting year, the NCAA examined in detail the activities conducted by foreign operators in Namibia. Foreign operators were encouraged to partner with Namibian AOC holders which allows for improved oversight and learning opportunities for Namibian operators.

CE-6	ACTUAL	TARGET	COMMENTS
AOC Certification Related Activities- (Initial certification)	3	N/a	Industry demand dependant
Fit and Proper Persons Tests	36	n/a	Industry demand dependant
Special Approvals	3	n/a	Industry demand dependant
Flight Synthetic Training Device (FSTD)	4	n/a	Industry demand dependant
ARO Approvals	5	n/a	-
RPA Approvals: Commercial	18	n/a	Industry demand dependant
RPA Approvals: Private	175	n/a	-
Application for Exemptions	0	n/a	-

## CRITICAL ELEMENT CE-7: SURVEILLANCE AND INVESTIGATIONS

Flight Operations section achieved its planned continues surveillance programme and met the requirements for AOC renewal of all commercial operators.

For the next reporting period focus needs to be placed on ramp inspection and surveillance of Foreign operators as well as areal work operations.

CE – 7	ACTUAL	TARGET
AOC Renewals Related Activities	23	23
FOP Renewals	9	9
Ramp Inspections	30	30
Special Approvals Renewals	0	4
ARO Approvals Renewals	1	1
Dangerous Goods Approvals	2	2
1. Air Namibia 2. Menzies Aviation 3. Bay Air Aviation (Provisional)		

## CRITICAL ELEMENT CE-8: RESOLUTION OF SAFETY CONCERNS

All operators who underwent surveillance have been provided with surveillance reports including findings. Corrective action plans have been submitted and accepted for all findings. As the corrective actions are implemented Flight Operations will verify closure of the findings.

Five investigations have been carried out due to safety concerns, of which 2 have been successfully concluded. During 2018-2019 Flight Operations Department took a very strong stance to illegal operations and compliance with regulations regarding Flight and duty periods as well as aircraft documentation.

CE – 8	ACTUAL	TARGET	APPROVAL HOLDER	
			LOCAL	FOREIGN
Surveillance Findings Raised	208	n/a	Inspection dependant	
Occurrence Reports Received for Investigation	11	n/a		
Investigation Concluded	4	n/a		

# 04. AIR NAVIGATION SERVICES SAFETY OVERSIGHT (ANSSO)

## WHAT WE DO

The Air Navigation Services Safety Oversight (ANSSO) division is responsible to oversee services in Namibia which are required in terms of Annexes 2, 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 and operate safely. In addition, it provides secretariat services to the National Airspace Committee and approves airspace usage requests.

The Air Navigation Services Safety Oversight Division was created to oversee the Air Navigation Service Providers (ANSP) and other relevant service providers across the value

chain 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.

From the beginning, we recognised the need to have adequately trained inspectors 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. Inspectors recruited under the ICAO Project, have been permanently appointed into the NCAA. Draft Regulations developed during the previous year were work shopped and forwarded to the legal drafter for promulgations.

## CRITICAL ACHIEVEMENTS DURING THE REPORTING PERIOD

1. Resolution of safety deficiencies in the ANS area showed improvement of 5.4%

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2. Safety roadshows were conducted in Windhoek and Swakopmund

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3. National Airspace Committee were established and inaugurated on the basis of NAM-CAR Part 11, subpart 2

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4. Implementation of SIDS and STARS as well as RNP approaches for Walvis Bay and Hosea Kutako airports.

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## LOOKING AHEAD: PLANNED ACTIVITIES FOR NEXT FINANCIAL YEAR

1. Promulgation of ANS regulations

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2. Certification of ANS service providers

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3. Implementation of new flight procedures

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## ACTIVITIES CARRIED OUT DURING THE REPORTING YEAR:

### CRITICAL ELEMENT CE-2: OPERATING REGULATIONS

Regulations for ANS were finalised and published for public comment. Regulations are expected to be promulgated in the next reporting period.

### CRITICAL ELEMENT CE-3: ORGANISATION

The ANSSO department staff positions are filled in the area of ATS, AIS and PANS-OPS. Inspectors still have to be recruited for the area of Cartography and Communication, Navigation and Surveillance (CNS).

### CRITICAL ELEMENT CE-4: QUALIFIED TECHNICAL STAFF AND TRAINING OF INSPECTORS

The training of inspectors has been on-going with the exception of the CNS and AIS inspectors, training of inspectors in all other ANS safety oversight areas (ATM, MET and PANS-OPS) have been intensified and include basic, specialised and on-job-training. Currently there are four ANS inspectors at varying levels of their inspector-maturity growth curve. All four are already involved in the safety oversight activities, including surveillance inspections and audits of the ANS providers and the resolution of safety concerns. Additionally, the long waited CNS Inspector under the ICAO project was hired.

## CRITICAL ELEMENT CE-5: TECHNICAL GUIDANCE AND TOOLS

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The Technical Guidance material for the ANSSO department were developed through the ICAO capacity building project and is being utilised by ANSSO staff in carrying out their safety oversight activities.

## CRITICAL ELEMENT CE-6: CERTIFICATION, LICENSING AND APPROVAL OBLIGATION

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The ANSSO section have not yet commenced with the certification of ANS service providers, however, it is foreseen that this would take place in the next reporting period.

## CRITICAL ELEMENT CE-7: SURVEILLANCE AND INVESTIGATIONS

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

## CRITICAL ELEMENT CE-8: RESOLUTION OF SAFETY CONCERNS

ANSSO has established the necessary mechanisms to resolve identified deficiencies impacting ANS safety, which have been detected by the ANS inspectors. 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. Comparing to the previous year we have witnessed an improvement of 5.4% in resolving identified safety concerns and an increase of identified safety concerns of 16,9 %.

## ANSSO SUMMARY

The table below provides a summary of audits and inspections which were conducted between the period 1 April 2018 and 31 March 2019, and the number of identified and resolved safety concerns.

ANSSO AUDIT AREA	AUDITS/INSPECTIONS		
	PLANNED	ACTUAL	VARIANCE
Periodic inspections/audits of ANS Facilities	10	10	0
Random surveillance of ANS facilities	0	1	1
CNS – Facilities & Infrastructure	4	4	0
MET – Facilities & Infrastructure	5	5	0
Neighbouring Flight Info. Regions (delegated Air spaces)	2	2	0
Resolution of safety concerns	Identified 180	Actual Resolved 17	
Previous(2018) year resolution of safety concerns	154	6	

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.

## SAFETY PROMOTION – FLIGHT SAFETY

### ROADSHOW

As per the NCAA mandate to promote aviation, ANSSO educates and provides technical guidance to the aviation industry. Two safety roadshow were conducted in the two major towns (Windhoek and Swakopmund). The feedback received from the industry on the roadshows were very promising, as all topics presented were educative and informative. The attendees were appreciative of the knowledge and experience of the roadshow team. In addition, the industry has requested the NCAA to conduct more roadshows.

## NATIONAL AIRSPACE COMMITTEE (NAIRC)

We have witnessed the establishment and inauguration of the National Airspace Committee on the basis of NAMCAR Part 11 subpart 2. The NAIRC was established with the aim to consider proposals made by airspace users and air Navigation service providers on any matter related to introduction, amendment or withdrawal of the designated, classified airspace, allocation of air traffic services amongst others and provide guidelines and recommendations for approval to the Executive Director. ANSSO is a secretariat to this committee which is chaired by a representative of the Namibia Defence Force and convened three times during the reportint year.

# 05. AIRWORTHINESS (AIR)

## WHAT WE DO

Airworthiness is responsible to ensure provisions for Annexes 2, 7, 8 and 16 are implemented within Namibia. The department issues aircraft registration and aircraft airworthiness certificates following a process of review against regulatory requirements.

It accepts new aircraft in Namibia upon import and approve modifications to aircraft when so requested by owners.

Aircraft Maintenance Organisations (AMOs) are certified and overseen by the division for compliance to regulatory requirements are safe maintenance practices.

### CRITICAL ACHIEVEMENTS DURING THE REPORTING PERIOD

1. Re-certification of remaining three AMOs.

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2. Entry of two new aircraft types into Namibia.

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3. Three aircraft failed their engine condition evaluations and had to undertake engine overhauls.

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### LOOKING AHEAD: PLANNED ACTIVITIES FOR NEXT FINANCIAL YEAR

1. Promulgation of revised regulations.

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## ACTIVITIES CARRIED OUT DURING THE REPORTING YEAR:

### CRITICAL ELEMENT CE-2: OPERATING REGULATIONS

Airworthiness Regulations were reviewed and should be promulgated in the next reporting period following consultation with the industry.

### CRITICAL ELEMENT CE-3: ORGANISATION

Airworthiness staff complement is still under required numbers, and additional vacancies are required to be filled in the new reporting period.

### CRITICAL ELEMENT CE-4: QUALIFIED TECHNICAL STAFF AND TRAINING OF INSPECTORS

Airworthiness staff training has been limited during the reporting period.

## CRITICAL ELEMENT

### CE-5: TECHNICAL GUIDANCE AND TOOLS

The technical guidance material, including forms and checklists for the department were reviewed and updated. The new documentation is expected to be implemented in the new reporting period.

## CRITICAL ELEMENT

### CE-6: CERTIFICATION, LICENSING AND APPROVAL OBLIGATION

A total of 57 applications for issuance of aviation documents related to Aircraft Registration were reviewed and issued.

A total of 26 initial Certificates of Airworthiness, including Experimental and Special Flight Permits were issued. Certificate of Airworthiness issued to Type Certificated Aircraft are issued after the successfully completion of the Initial Conformity inspection.

Two aircraft Type Acceptance Certificates were issued to Sykorski Aircraft. One application for the type acceptance of an ex-military rotorcraft was unsuccessful since no Civil Aviation Type Certificate was issued by any ICAO member state. One Aircraft Maintenance Organisation and one Design Organisation initial approval certificates were issued for the development of Design Data in support of minor modifications on Namibian registered Aircraft.

ISSUED APPROVALS	AUDITS		INSPECTIONS		RAMP INSPECTIONS	
	TARGET	ACTUAL	TARGET	ACTUAL	TARGET	ACTUAL
1. Certification of Registration						
1.1. New Registrations	Demand driven	26	26	26	N/a	N/a
1.2. Change of Ownership	Demand driven	15	15	15	N/a	N/a
1.3. Amendment	Demand driven	6	6	6	N/a	N/a
1.4. Deregistration	Demand driven	11	11	11	N/a	N/a
2. Certification of Airworthiness						
2.1. Initial Issuance	26	26	26	26	3	1.5
2.2. Amendment	Demand driven	24	12	12	N/a	N/a
2.3. Export C of A	Demand driven	9	9	9	N/a	N/a
2.4. Special C of A	11	9	11	9	1.1	0.5
3. Aircraft Type Acceptance	4	2	N/a	N/a	N/a	N/a
ISSUED APPROVALS	INITIAL APPROVAL AUDIT		SURVEILLANCE		UNANNOUNCED AUDITS	
	TARGET	ACTUAL	TARGET	ACTUAL	TARGET	ACTUAL
4. Aircraft Maintenance Organisation						
4.1. Initial Issuance (local)	1	1	1	1	N/a	N/a
5. Design Organisation						
5.1. Initial Issuance (foreign)	1	1	N/a	N/a	N/a	N/a

## CRITICAL ELEMENT CE-7: SURVEILLANCE AND INVESTIGATIONS

A total of 550 certificates of Airworthiness were successfully renewed after the determination of their conformance to applicable airworthiness and serviceability requirements from the 600 targeted Certificate of Airworthiness renewals. The remaining 50 represents deregistered and inactive aircraft.

Only 50 per cent of the Targeted 60 Aircraft Ramp inspections could be conducted due lack of resources and personnel.

Eleven Namibian AMOs were audited and their aviation documents renewed after the resolution of the deficiencies identified. Only 11 of the targeted 29 foreign AMOs could be renewed in the year under consideration.

The audit for the renewal of one South African-based Design Organisation was successfully conducted and the Design Organisation approval issued.

ISSUED APPROVALS	AUDITS		INSPECTIONS		RAMP INSPECTIONS	
	TARGET	ACTUAL	TARGET	ACTUAL	TARGET	ACTUAL
1. Certificate of Airworthiness						
1.1. Renewal	600	550	600	550	60	30
ISSUED APPROVALS	RENEWAL AUDITS		SURVEILLANCE		UNANNOUNCED AUDITS	
	TARGET	ACTUAL	TARGET	ACTUAL	TARGET	ACTUAL
2. Aircraft Maintenance Organisation (AMO)						
2.1. Local AMOs	11	11	5	0	5	0
2.2. International AMOs	29	19	5	0	5	0
3. Design Organisation (DO)						
3.1. Local DO	0	N/A	N/A	N/A	N/A	N/A
3.2. International AMOs	1	1	N/A	N/A	1	0

## CRITICAL ELEMENT CE-8: RESOLUTION OF SAFETY CONCERNS

Only 22 of the 72 Incidence and Accident Reports received were investigated and followed up. Airworthiness Department restricts the investigations undertaken to accidents and major incidences that could affect the aviation documents issued.

ISSUED APPROVALS	INVESTIGATED OCCURRENCES REPORTS		CLOSED OCCURRENCES REPORTS		RAMP INSPECTIONS	
	TARGET	ACTUAL	TARGET	ACTUAL	TARGET	ACTUAL
1. C of Airworthiness						
1.1. Incidence and accidents	72	22	72	50	Event driven	0
1.2. Service Difficulty Reports	12	6	12	6	Event driven	0
ISSUED APPROVALS	IDENTIFIED DEFICIENCIES AT AUDITS		SURVEILLANCE		UNANNOUNCED AUDITS	
	TARGET	ACTUAL	TARGET	ACTUAL	TARGET	ACTUAL
2. Aircraft Maintenance Organisation						
2.1. Local AMOS	44	44	72	50	N/A	N/A
2.2. International AMOs	116	116	Risk driven	0	0	0

# AVIATION SECURITY ACTIVITIES

## BACKGROUND TO NAMIBIA'S AVIATION SECURITY SERVICES (AVSEC)

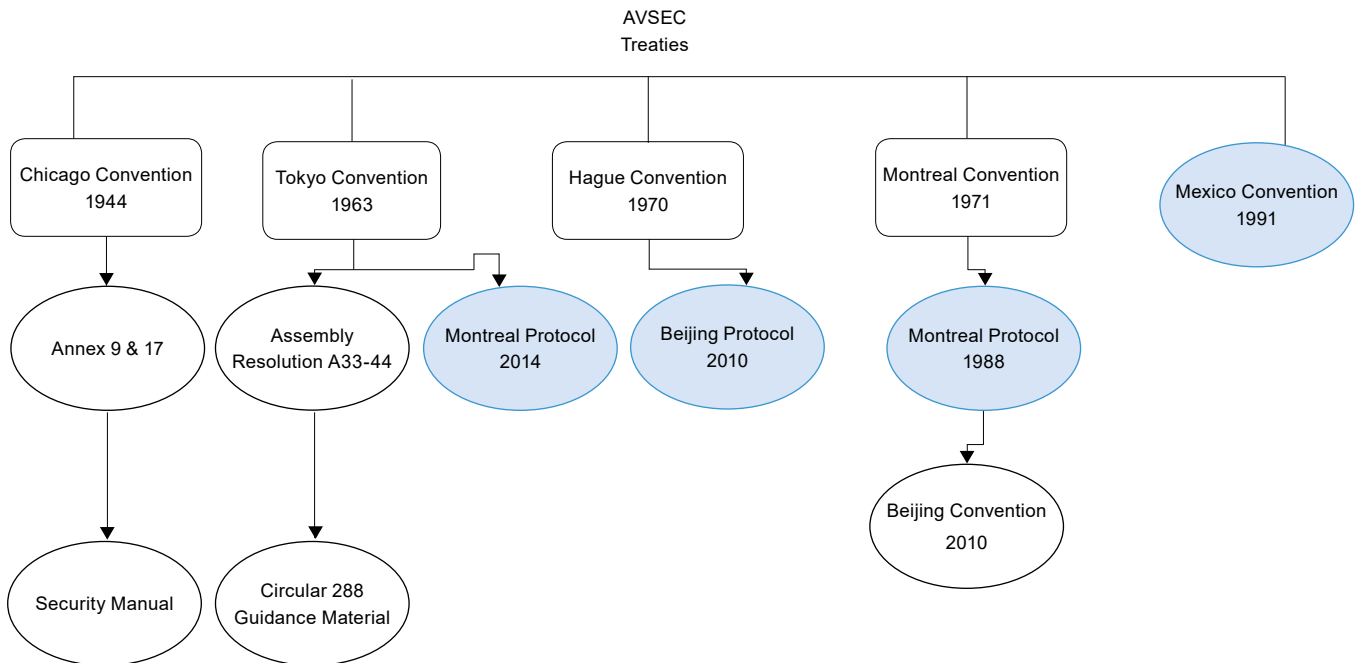
Prior to 2001, Namibia's aviation security activities (AVSEC) were audited under the ICAO voluntary technical evaluations mechanism. The terrorist attacks that took place on 11 September 2001 against the United States of America changed this landscape. The ICAO General Assembly Resolution A33-1 of the 33<sup>rd</sup> 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.

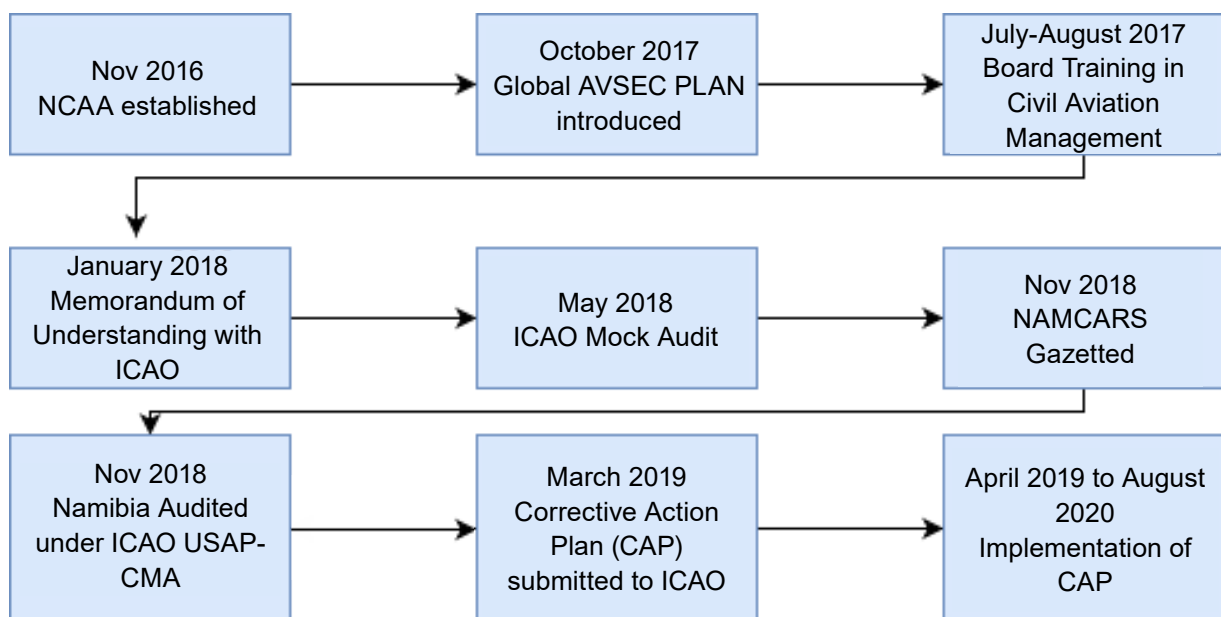
The conference endorsed a global strategy for strengthening aviation security worldwide which included inter alia, the establishment of a comprehensive programme of regular, mandatory, systematic and harmonised audits to be carried out by ICAO for the evaluation of aviation security in all ICAO Member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

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.

## INTERNATIONAL LEGAL FRAMEWORK



## AVIATION SECURITY AT A GLANCE

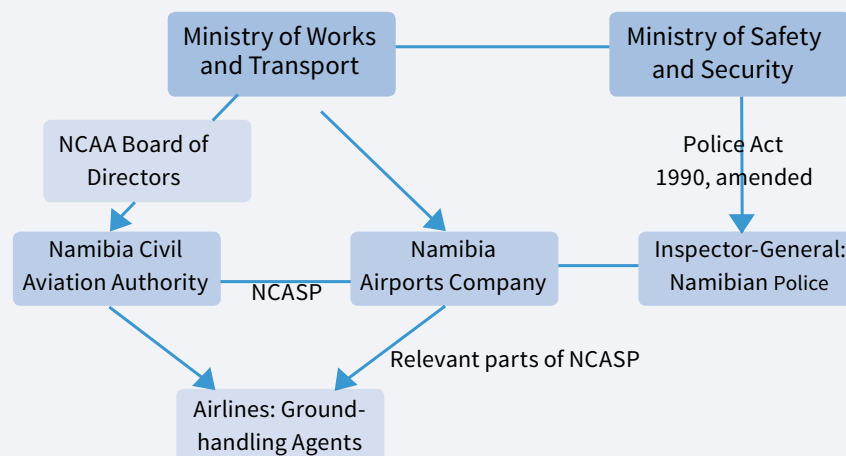


# AVSEC REGULATORY FRAMEWORK

The Namibia Civil Aviation Authority is mandated to control, regulate and promote civil aviation security in Namibia. In order to fulfil this mandate, the NCAA has established an AVSEC structure compliant with the ICAO AVSEC structure. Namibia’s Civil Aviation Act sets out the relationship between the industry, Government and the NCAA as the appropriate authority whose role it is to monitor and enforce compliance. The regulatory framework, as depicted below, is sufficiently empowered to enforce compliance with civil aviation regulations.

The national regulatory framework is guided by the ICAO AVSEC oversight system, which is based on eight AVSEC Critical Elements (CEs) which 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.

## NATIONAL REGULATORY FRAMEWORK



## 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.

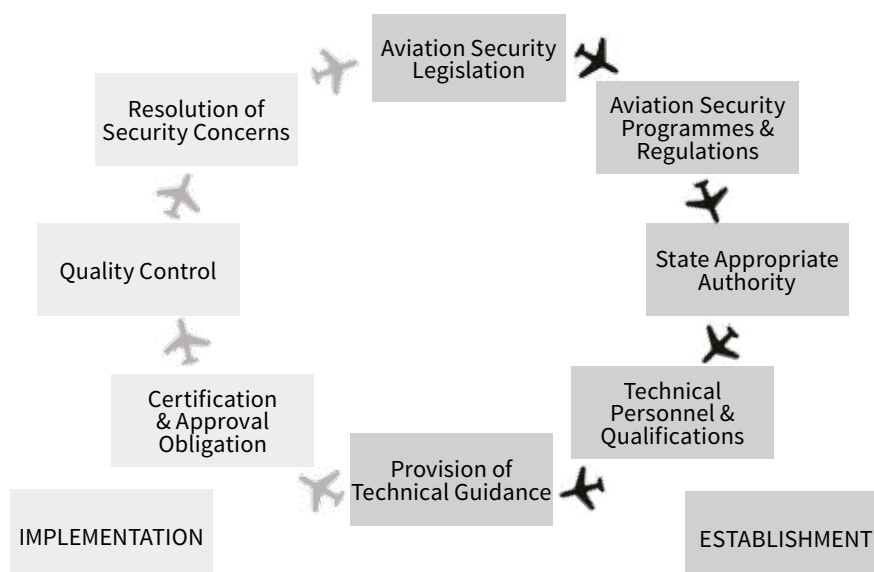
**CE-4 Personnel qualifications and training.** The establishment of minimum knowledge and experience requirements for the technical personnel performing aviation security oversight functions and the provision of appropriate training.

**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.



# 2018 / 19 AVSEC PERFORMANCE

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## 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 ‘establishment’ Critical Elements. The implementation thereof is, however, a continuous process.

**Namibia was audited by ICAO in November 2018.**

**The results of the audit were as follows:**

» THE COMPLIANCE INDICATOR IS AT **76.75%**

This is the level compliance with Annexes 9 and 17 standards and recommended practices in Namibia.

» THE OVERSIGHT INDICATOR IS AT **70.97%**

This is the level of implementation of the eight Critical Elements on aviation security oversight system in Namibia.

» THE WORLD AVERAGE IS 72.3%.

It is the obligation of every Member State (and Namibia is no exception) to continuously improve on these statistics through training, surveillance, technology and general improvement of the implementation elements.

## SURVEILLANCE

One of NCAA's primary mandates is the surveillance of security activities of all the participants in the civil aviation security system to ensure compliance with national and international regulatory frameworks.

This in itself is an ongoing, high-level and intensive process to ensure that the aviation security systems stay abreast of criminal developments in the world of aviation.



# SECTION 4

# AIR NAVIGATION SERVICES

A UNIT OF THE NAMIBIA CIVIL AVIATION AUTHORITY



# ABOUT AIR NAVIGATION SERVICES (ANS)

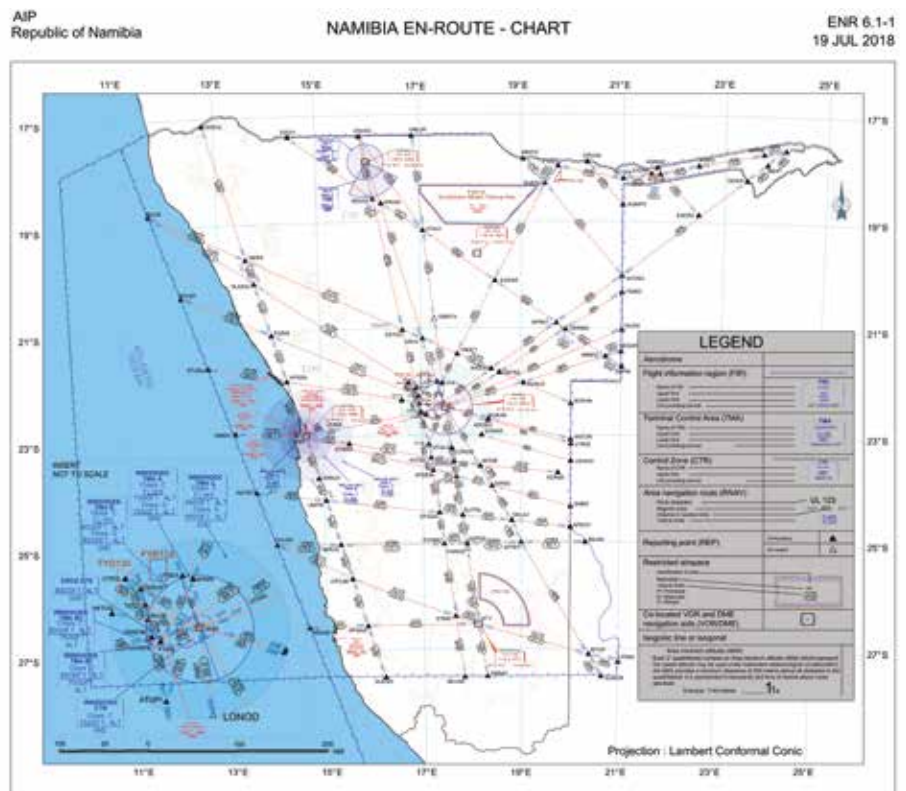
The NCAA Air Navigation Services (ANS) was established in terms of Part 6 of the Civil Aviation Act and empowered to provide air navigation services in Namibian sovereign and delegated airspace.

In terms of Part 6 of the Act, the NCAA Board appoints the Head of Air Navigation Services who reports to the Board on the provision of air navigation services and to the Executive Director on matters related to regulatory compliance.

The ANS maintains its own records, bank accounts and is audited independently from the NCAA as a whole in order to maximise the functional separation of the provision of air navigation services from the other functions of the NCAA.

The airspace, being the Namibia Flight Information Region (FIR) in which the ANS provides services, is shown below.

## THE FLIGHT INFORMATION REGION (FIR)



# ANS MANAGEMENT TEAM



The ANS management team (from left to right): Tobias Günzel (Acting General Manager: CNS & ICTP), Hilma Leonard (Senior Manager: AIM), Abiatar Ntinda (Senior Manager CNS), Peter Marais (General Manager & Head Air Navigation Services) and Jeremia Kamti (Senior Manager: ATS).



Inserted: Harry Roberts  
(Senior Manager Safety and Quality)

# S E R V I C E S P R O V I D E D

The NCAA Air Navigation Services (ANS) provides air navigation services to air traffic during all phases of operations to ensure their safe and efficient movement, which services include the following:

1. Air traffic control services, including air traffic control services for arriving and departing controlled flights, for controlled flights in controlled areas or for traffic within any manoeuvring area and other aerodrome traffic;
2. Air traffic advisory services provided within advisory airspace to ensure separation, insofar as is practical, between aircraft which are operating on flight plans in accordance with Instrument Flight Rules;
3. Flight information services;
4. Alerting services provided to notify appropriate organisations regarding aircraft in need of search and rescue aid, and to assist such organisations as may be required;
5. Communications, navigation and surveillance services;
6. Meteorological information required for air navigation which is provided by the Namibia Meteorological Service (NMS – a Division of the Ministry of Works and Transport) to the ANS for dissemination to airspace users;
7. Search and rescue alerting coordination services; and
8. Aeronautical information services for the provision of aeronautical information and data necessary for the safety, regularity and efficiency of air navigation.

» ANS provides air navigation services for Namibia's airspace.

» Approximately 71,000 aircraft movements take place every year in Namibia's Flight Information Region.



## NAMIBIA AIR TRAFFIC SERVICE AIRSPACE CLASSIFICATIONS (CONTROLLED)

CLASS	TYPE OF FLIGHT	SEPARATION PROVIDED	SERVICE PROVIDED	VMC VISIBILITY AND DISTANCE FROM CLOUD MINIMA	SPEED LIMITATION	RADIO COMMUNICATION REQUIREMENT	ATC CLEARANCE
A	IFR ONLY	All aircraft	Air traffic control service	Not applicable	Not applicable	Continuous two-way	Yes
B	IFR	All aircraft	Air traffic control service	Not applicable	Not applicable	Continuous two-way	Yes
	VFR	All aircraft	Air traffic control service	See ENR 1.2	Not applicable	Continuous two-way	Yes
C	IFR	IFR from IFR IFR from VFR	Air traffic control service	Not applicable	Not applicable	Continuous two-way	Yes
	VFR	VFR from IFR	1) Air traffic control service for separation from IFR 2) VFR/VFR traffic information (and traffic avoidance on request)	See ENR 1.2	250kt IAS below 10000ft AMSL	Continuous two-way	Yes
D	IFR	IFR from IFR	Air traffic control service including traffic information about VFR flights (and traffic avoidance on request)	Not applicable	250kt IAS below 10000ft AMSL	Continuous two-way	Yes
	VFR	Nil	Traffic information between VFR and IFR flights (and traffic avoidance advice on request)	See ENR 1.2	250kt IAS below 10000ft AMSL	Continuous two-way	Yes
E	IFR	IFR from IFR	Air traffic control service and traffic information about VFR flights as far as Practical	Not applicable	250kt IAS below 10000ft AMSL	Continuous two-way	Yes
	VFR	Nil	Traffic information as far as practical	See ENR 1.2	250kt IAS below 10000ft AMSL	No	No

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 movements within the airspace are the main determinant for the development and deployment of air navigation services and infrastructure in Namibia. The air navigation services and infrastructure deployed takes account of the requirements set out in the ICAO Global Air Navigation Plan and associated Aviation System Block Upgrade scheme agreed by the African and Indian Ocean Planning and Implementation Group. The requirements of the Namibian State are also factored into the air navigation infrastructure plan.

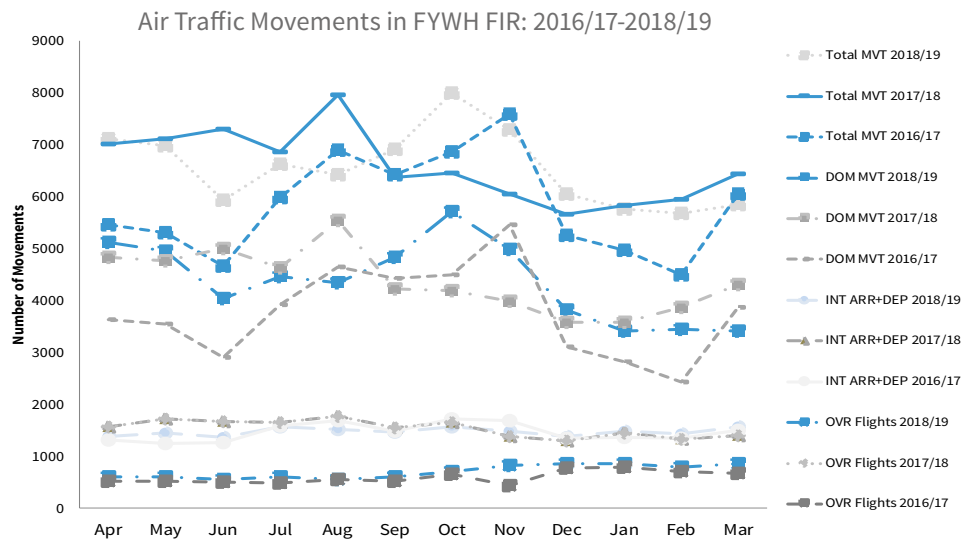
# AIR TRAFFIC MOVEMENTS

The air traffic movements operating in the airspace under the jurisdiction of the ANS are shown in the following figure. Total movements for the 2018/19 year are 78565 compared to 73156 for the 2018/18 year which represent an increase of 7.4 per cent. However, international arrivals and departures grew only by 3.8 per cent during the period increasing from 16,997 to 17,642 movements.

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).

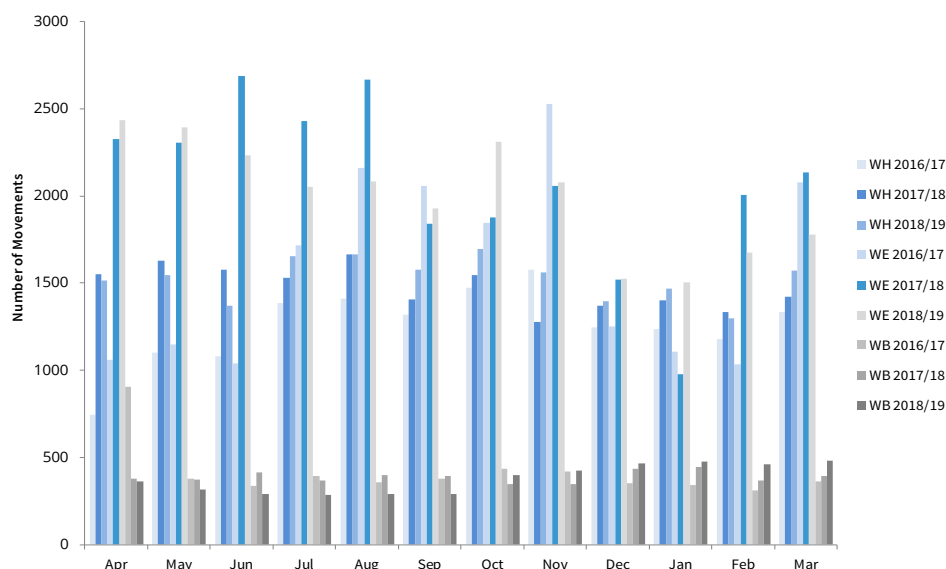
Domestic traffic is seasonal, dependent on the tourism industry, and comprises largely of commercial general aviation operators servicing the tourism and charter industry. Traffic movement volume is at its peak between the months of August and November, and lowest during the months of December and January.

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.



Air traffic movements at the three busiest airports at which the ANS provides air traffic control services are shown below.

Air Traffic Movements: Hosea Kutako International Airport, Eros Airport and Walvis Bay International Airport: 2016/17-2018/19



# OUR FACILITIES, SYSTEMS AND TECHNOLOGY

The provision of Air Traffic Services is supported by Air Navigation Infrastructure which is located at some 69 sites located across the length and breadth of Namibia (as shown in the figure below), with technical support provided from the support base located at the Windhoek air traffic control centre. The air navigation infrastructure provided comprises:

**Communication services** including VHF radio services, all aeronautical fixed services, AFTN switch, centralised aeronautical data base system, voice communications switches, voice and data recording systems and ancillary equipment.

**Navigation services** including VOR/DME at Hosea Kutako, Walvis Bay, Keetmanshoop, Grootfontein and Ondangwa, ILS at Hosea Kutako and Walvis Bay and ancillary equipment. Further GNSS is approved as a primary navigation aid for VFR flights and as a secondary navigation aid for IFR flights.

**Surveillance services** including a primary and secondary surveillance system for Hosea Kutako, Wide Area Multilateration surveillance systems (WAM) configured for an approach-surveillance service for Hosea Kutako and Walvis Bay, a WAM surveillance system configured for the national area surveillance service and ancillary equipment. The WAM surveillance system also includes ADS-B capability. All flight plan and surveillance data is integrated in the Air Traffic Management (ATM) system, which is installed in the Windhoek ATCC located at Eros airport.

The ANS delivers services in compliance with the Namibia Civil Aviation Regulations (NAMCAR) and Technical Standards which encapsulate the International Civil Aviation Organisation (ICAO) Standards and Recommended Practices (SARPs).

**NAMIBIA AIR NAVIGATION SERVICES**



Safety oversight of the ANS is carried out by the NCAA Safety Oversight Division who periodically audit the ANS operations to determine compliance status and improvement areas.

The following NAMCARs and ICAO SARPs are pertinent to the ANS:

NAMCARs	ICAO SARPs
NAMCARs Part 2: Units of Measurement;	Annex 1: Personnel Licensing
NAMCARs Part 65: ATS Personnel Licensing;	Annex 2: Rules of the Air
NAMCARs Part 67: Personnel Medical Certification;	Annex 4: Aeronautical Charts
NAMCARs Part 71: Airspace and air routes;	Annex 5: Units of Measurement
NAMCARs Part 141: Aviation Training Organisations;	Annex 10: Aeronautical Telecommunications
NAMCARs Part 170: Air Navigation Services General;	Annex 11: Air Traffic Services
NAMCARs Part 171: Aeronautical Telecom services;	Annex 12: Search and Rescue
NAMCARs Part 172: Airspace and Air Traffic Services;	Annex 15: Aeronautical Information Services
NAMCARs Part 173: Flight Procedures Designs;	Annex 19: Safety Management
NAMCARs Part 175: Aeronautical Information Services & Aeronautical Charts;	
NAMCARs Part 179: Search and Rescue Services.	

# AIR NAVIGATION SERVICES BURSARY PROGRAMME

The Air Navigation Services (ANS) Bursary Programme is a programme that has been designed, developed and implemented to recruit, select and train Namibian nationals to become Air Traffic Controllers (ATCO), Air Traffic Service Assistants (ATSA), Aeronautical Information Officers (AIO) and Air Traffic Safety Electronics Personnel (ATSEP) in fulfilment of the skilled human resource requirements of the ANS. Once having completed their academic and on the job training, the bursary holders will be considered for employment by the ANS to fill vacancies in the approved ANS structure. The programme commenced in the third quarter of 2018 and will run over a period of at least three years. The aim is to recruit, select and train:

- 20 Air Traffic Controllers;
- 10 Air Traffic Service Assistants;
- 6 Aeronautical Information Officers; and
- 12 Air Traffic Safety Electronic personnel.

During the reporting year, 10 Air Traffic Control, 6 Aeronautical Information Officer and 6 Air Traffic Safety Electronics Personnel bursaries to the value of N\$8.8 million were awarded. The ATSEP bursary holders commenced with their training programme on 6 May 2019, while the ATCO and AIO bursary holders commenced with their training on 10 June 2019. The AIO academic training will be completed in October 2019, while the ATCO and ATSEP academic Training will be completed in the first quarter of 2020. The successful completion of the academic training is followed by a six-month on-the-job training programme delivered in the ANS operations environment.

The success of the programme will be reviewed periodically and adjustments made to the number and type of bursaries to be awarded in following years to ensure that the overall objectives of the programme are achieved.



# AIR TRAFFIC SERVICES (ATS)

## WHAT WE DO

The main purpose of ATS is to provide appropriate service to air traffic within that airspace for which a respective ATS unit is responsible. Air Traffic Services (ATS) consist of:

- Air Traffic Control (ATC)
- Flight Information; and
- Alerting Services

### Air Traffic Control Service

The service provided for the purpose of preventing collision between aircraft, and on the manoeuvring area between aircraft and obstructions on that area, and expediting and maintaining a safe and orderly flow of air traffic. ATC may be provided by:

**Aerodrome Controller:** Responsible for controlling air traffic within that airspace he/she responsible for (Control Zone or Aerodrome Traffic Zone) and maintaining as far as practicable, a continuous watch on all visible operations on and in the vicinity of an aerodrome, including vehicles and personnel on the manoeuvring area and carrying out airfield and facility inspections as required.

**Approach Controller:** Responsible for providing ATC service to controlled flights of aircraft arriving at or departing from one or more airports within the Terminal Control Area (TMA). Approach Controllers do not see aircraft in the air, but use procedures or follow them on their radar system displays.

**Area Controller:** Responsible for providing ATC service to controlled flights within the Namibian airspace, also known as the Windhoek Flight Information Region (FIR) at high altitudes. Like Approach Controllers, Area Controllers use procedures to control aircraft or follow them on their radar system displays.

### Flight Information Services (FIS)

FIS is provided to all aircraft which are likely to be affected by such information and which are provided with ATC service, or are otherwise known to the relevant ATS unit known as the Flight Information Centre (FIC).

### Alerting Service

Alerting service is provided to all aircraft provided with ATC service, in so far as practicable, to all other aircraft having filed a flight plan or otherwise known to the Air Traffic Services, and to any aircraft known or believed to be the subject of unlawful interference.

## ATS ACHIEVEMENTS DURING THE REPORTING PERIOD

### TRAINING INTERVENTIONS

**Approach (Procedural and Radar) Control:** Six ATC officers who graduated at the ATNS Aviation Training Academy in Johannesburg, South Africa during December 2017, were all successfully validated by July 2018, and they are now qualified and valid Approach Controllers.

**Walvis Bay Relief Approach Controller:** A Windhoek based Approach Controller underwent validation training at Walvis Bay, and successfully validated during May 2018. After validating, the controller had been and is still being utilised as a relief controller at Walvis Bay, a measure taken to ensure provision of ATC service remains uninterrupted at all times.

**Area Control (Procedural and Radar) Control:** Six ATC officers successfully completed Area Control (procedural combined with radar) training at ATNS-ATA, Johannesburg during August 2018. They commenced with the validation training which has been planned to be successfully completed by August 2019.

**Aerodrome Control (Namibian Air Force Officers):** Three Airforce Controllers underwent Aerodrome Control validation training at FYWE, which was successfully completed by September 2018. The three officers are currently providing ATC service at FYWE aerodrome.

**Lüderitz Relief Aerodrome Controller:** One Eros based Aerodrome Controller underwent aerodrome control validation training at Lüderitz, which was successfully completed during January 2019. The controller is currently utilised as a relief controller at the aerodrome, to ensure ATC service is provided without interruptions.

**Aerodrome/Approach Re-validation:** One ATC officer who lost his ATS ratings and validations for over two years, successfully completed a rating assessment training in Johannesburg during December 2018, and is expected to complete a validation training during May 2019.

**Other Training Interventions:** A number of ATC officers underwent training in various respective fields, namely, Safety Management System, Incident Investigations and Aeronautical Search And Rescue (SAR).

### ATS INCIDENT INVESTIGATIONS

Over 90% of the ATS related incidents were successfully investigated during this period, and corrective actions which include, but not limited to remedial training were successfully undertaken. This resulted in the general reduction in ATS related incidents and improved ATS operations.

### ANSSO AUDIT FINDINGS

Most of the audit findings that were issued by the regulator have been successfully addressed, some were completely closed while for others, short-term solutions or alternative form of compliance were provided to the regulator.

### LOP/As, SLAs AND MOUs

Letters of Procedure/Agreement (LoP/As) have been reviewed and signed with all ATS providers from neighbouring states. Additionally, LoPs have been reviewed and signed between all domestic ATS units. Service Level Agreements (SLAs) were also reviewed and signed between the ATS and AIS, as well between ATS and the airport operator (NAC) at various airports.

### FYKM, FBKE, FLLI AND FVFA ATS PROCEDURES

Representatives from Namibia, Botswana, Zambia and Zimbabwe ATS providers met and reviewed the ATS procedures between Katima Mulilo (FYKM), Kasane (FBKE), Livingstone (FLLI) and Victoria Falls (FVFA). This improved safe provision of ATS at the four airspaces which are closely situated.

### RPAS APPLICATIONS AND OPERATIONS

RPAS operations have increased tremendously during this period, most of which took place within the controlled airspaces of Eros (FYWE), Hosea Kutako (FYWH), Walvis Bay (FYWB) and Lderitz (FYLZ). The ATS team had studied all the applications which were forwarded by the regulator, and provided input to ensure that RPAS operations do not become a hazard to air traffic operations.

### GLIDER ACTIVITIES

The gliding activities take place between 01 November and 31 January each year. A number of changes were made to the glider airspace, which air traffic controllers were able to understand and execute safely.

### ATS INTERFACILITY DATA COMMUNICATION (AIDC) TESTING

AIDC testing (between Johannesburg and Windhoek Control) which started during November 2018 is still ongoing and no major problems affecting ATS operations have been experienced during the testing process.

### STATION STANDING INSTRUCTIONS (SSIs)

SSIs for all ATS units have been developed or reviewed, hence all units are in possession of respective updated SSI versions.

## CHALLENGES ATS EXPERIENCED DURING THE REPORTING PERIOD

### STAFFING

ATS is faced with staffing challenges, especially when it comes to Area Controllers and On-the-Job Instructors (OJTIs) for FYWE and FYWH ATS units. Area Control validation training is to be completed during August 2019, and that will address area control staffing problems. OJTI training is planned for October 2019, which will address the instructor problems at FYWE and FYWH.

### ATS INCIDENT INVESTIGATIONS

ATS Incident investigations are being hampered by insufficient number of trained investigators, resulting in prolonged investigation processes. An ATS investigators training is planned to take place during October 2019, to address this challenge.

### FLIGHT OPERATIONS AFTER ATS HOURS OF DUTY

Operators such as Air Namibia, West Air and Government Air Transport Services (GATS) in addition to mercy flights, continue to operate after published ATS hours of duty. Unlike other operators who only request for runway lights, Air Namibia and GATS demand for ATC service as a requirement for them to operate at the manned aerodromes, which becomes a serious challenge to ATS, who are expected to comply with the standards and regulations on staffing and fatigue and risk management. A meeting which had been planned to take place between GATS, ANSP, ANSSO and NAC, which is to mostly concentrate on WVIP flight operations after ATS published hours of duty, is still to take place.

## LOOKING AHEAD: ATS PLANNED ACTIVITIES FOR NEXT FINANCIAL YEAR

### OJTI TRAINING

An OJTI training is planned for October 2019, to address the problem regarding ATS OJTI instructors which are insufficient, more specifically for FYWE and FYWH units.

### ATS INCIDENT INVESTIGATORS TRAINING

An ATS incident investigators training is planned to take place during October 2019, to address the issue of prolonged ATS incident investigations.

### STAFFING

All crucial positions within the ATS will be filled once transition from DCA to NCAA of former DCA employees is completed. This will result in increased efficiency in provision of ATC services.

### TRAINING PLANS/PROGRAMMES

Once transition is complete, training plans will be drawn up in accordance with the training programmes, for every ATS staff member to ensure career development and job satisfaction.

### REDUCTION IN ATS RELATED INCIDENTS

ATS training programmes will be developed, and they will include new but effective ways of conducting ATS proficiency checks which if efficiently done, will lead to a significant reduction in ATS related incidents. The planned introduction of Safety Management System (SMS) will also assist in reducing the number of ATS related incidents.

### VALIDATION OF ATS BURSARS

All ATS Bursars who successfully complete the rating courses at the NCAA approved aviation training organisations/institutions (ATOs), will be successfully validated in accordance with the training programmes and plans developed.



# AERONAUTICAL INFORMATION SERVICES (AIS)

## WHAT WE DO

Aeronautical Information Service (AIS) – provision of aeronautical data and information necessary for the safety, regularity and efficiency of both international and national air navigation in Namibian airspace. Aeronautical Information Service consists of five sections:

- Aeronautical MAP/Chart
- Publication and Distribution (APD)
- International NOTAM Office (NOF)
- Aerodrome Briefing Office (ABO)
- -Overflight and Landing Authorisation

### MAP/charts

The section bears the overall responsibility for the implementation and monitoring processes and work carried out by the service. It is responsible for creating and producing aeronautical maps and charts.

### Publication

The section is responsible for the publication and distribution of aeronautical information. It provides all elements of the Integrated Aero-nautical Information Package - IAIP - (AIP AMDT/SUP, AIC, NOTAM and PIB, a list of valid NOTAMs and checklists) and additional publications such as VFR Manuals and VFR Chart with recommended VFR routes.

### International NOTAM Office (NOF)

The section is responsible for creation, format, edit and distribution of aeronautical information NOTAM.

### Aerodrome Briefing Office (ABO)

The section is responsible for provision of aeronautical information (flight plan, pre-flight information bulletin, post flight information report). The Aerodrome Briefing Office use A-CAD SDO database for pre-flight briefing and combining it with other relevant documentations for briefing purposes.

### Overflight and Landing Authorisation

The section is responsible for granting approval to foreign registered aircraft which intends to overfly or land into Namibia including diplomatic permits.

## AN AFI CENTRAL AERONAUTICAL DATABASE

Since late 2017, AIS division has fully implemented an AFI Central Aeronautical Database (A-CAD) which is synchronised with the European Aeronautical Database (EAD), where all aeronautical information are available in electronic format via A-CAD SDO, INO and PAMS modules. All the elements from the IAIP are based on the same data source in the database (SDO).

An Internet Briefing Services was implemented on 9 January 2018 and allowed for the provision of digital aeronautical data and information, as well as advanced pre-flight briefing. Evolution of the AIS has been achieved in terms of processes and integrated management systems enhancements



through the A-CAD project. Further plans include originating data quality improvements, as well as data sets exchange through the modernisation of the AIS data base.

Aeronautical information is also provided for reference purposes through the NCAA website. A-CAD is safer, faster, more accurate and more cost-effective than older, non-harmonised methods of AIS data collection and delivery. It increases the availability and accessibility of AIS information, and contributes to reducing safety risks related to the distribution and publication of aeronautical information.

#### **AIS OFFERS:**

- Access to real-time data of guaranteed integrity and quality;
- Consistency with ICAO and local standards and recommendations;
- A secure channel for a timely electronic distribution of aeronautical information;
- Support to clients during their transition to IBS; and
- Service availability 19 hours per day, 7 days per week.

## COVERAGE

The data sourced globally includes original and processed NOTAM, SNOWTAM and ASHTAM messages, as well as minimum sets of static data operation (SDO) required for NOTAM validation and pre-flight information bulletin (PIB) generation, including aerodromes identification with associated runways, airspaces (FIR, UIR, TMA, P-D-R pre-determined routes), routes, navaids and waypoints.

Data from other Member States and beyond includes original and processed NOTAM, SNOWTAM and ASHTAM, AIPs, AICs, amendments, supplements, charts, as well as full set of aeronautical information data published in AIP. It also covers aerodrome information including procedures, obstacles, en-route information such as airspace, routes, navaids and waypoints, and general information such as organisation, authority and units.

## QUALITY MANAGEMENT SYSTEM (QMS)

The adoption of a Quality Management System (QMS) helps AIS to improve its overall performances and provides a solid base for sustainable development. In addition, it helps in continuous provision of services that meet customer, organisational and regulatory requirements through continuous improvement.

AIS has established the QMS in compliance with ISO 9001:2009. The scope of activities covered by ISO 9001 Certification includes the provision of:

- Aerodrome Briefing Office;
- International NOTAM Office;
- Aeronautical Maps/Charts Office;
- Aeronautical Publication Office; and
- Overflight and Landing Authorisation office.

These services are managed in compliance with national and international standards and requirements. The criteria for efficient management of AIS's business processes is set by the Quality Management Manual, whereas the services are described in relevant operating processes.

The management ensures, by means of its Quality Policy, that customer requirements are identified and taken into account. The General Manager: Air Navigation Services is responsible for the AIS's Quality Policy, which is supported by the QMS that is subject to internal and external audits as part of ISO Certification.

The quality of AIS's services is granted by an integrated QMS which is periodically reviewed and assessed for its long-term suitability, adequacy and effectiveness.

During the reporting year, AIS continued to upgrade the QMS and started the implementation of ISO 9001:2015. The end of implementation and ISO Certification is planned for the middle of the next financial year.

## ON-GOING PROJECTS

### **Transitioning to a satellite-based Aeronautical Information Management (AIM) system**

To satisfy new requirements arising from the Global Air Traffic Management Operational Concept, aeronautical information services must transition to a broader concept of aeronautical information management, with a different method of information provision and management given its data-centric nature as opposed to the product-centric nature of AIS. An approval was granted by the Cabinet of Namibia for the purchase of an automated system that will facilitate the transitioning from a telex-based Aeronautical Information Services (AIS) to a satellite-based Aeronautical Information Management (AIM) system. The roadmap for the transition from AIS to AIM and the ASBU methodology for air navigation plan implementation require some major bases to develop for AIM activities in Namibia. The implementation of the A-CAD enabled AIS to fully implement 11 of the 21 steps of the roadmap, while the remaining 9 steps are in progress.

### **Implementation of Electronic Aeronautical Information Publication (eAIP)**

The production of electronic AIP for Namibia is another project that is underway and is planned to be completed and the eAIP to be available in the next reporting year.

### **ISO 9001-2015 Certification**

AIS has established the QMS in compliance with ISO 9001:2009. The Stage 1 audit will be performed on the Aeronautical Information Management in the first quarter of the next financial year. Its objective is to review the management system and verify its conformance to ISO 9001:2015 requirements and determine the state of readiness of AIS for the Stage 2. The Stage 2.1 audit will be performed on the second half of the next financial year in order to determine compliance with the requirements of the scheme.

## FLIGHT PLANS, NOTAM, OVERFLIGHT AND LANDING PERMITS

A comparison analysis in terms of Flight Plans filled shows a fluctuating trend on the number of flight plans filled. October 2018 recorded the highest total number of flight plans filled, totalling 3,000, in line with the tourism high season. A decline in the flight plan filled between November 2018 and February 2019 which is again in line with the tourism low season.

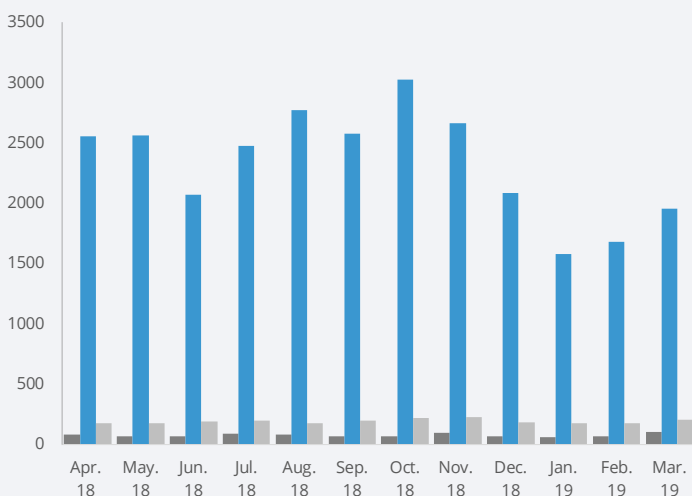
The same seasonal patterns are reflected in the number of overflight and landing permits issued, indicating an increase in the month of October 2018 and decrease between November 2018 and February 2019. It is encouraging to note that the fluctuating trend in relation to overflight and landing permit is also replicated in relation to flight plan filled.

The Notice to Airmen (NOTAM) has been fluctuating up and down during the reporting year.

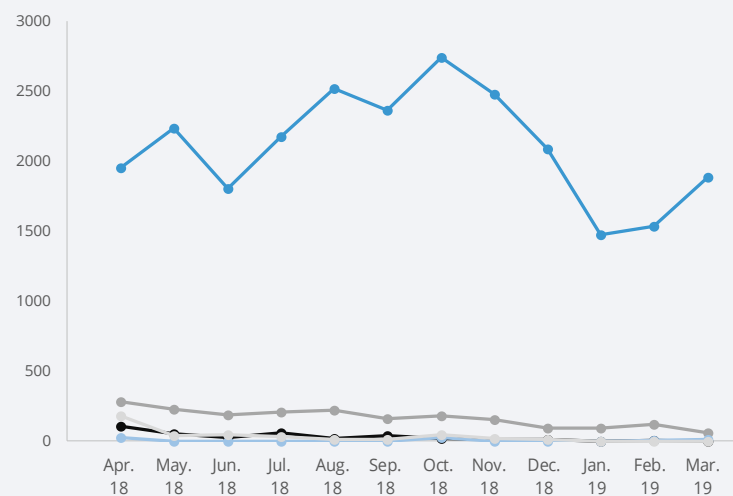
## MODE OF FLIGHT PLANS FILED

Fight plans submitted to the Aerodrome briefing office via internet briefing service (IBS) has increased substantially, accounting for more than 80 per cent of submitted flight plans. This showed that IBS has been successfully implemented and the aviation industry has adopted the system successfully to submit their flight plans, as well as perform self-briefing.

Filed Flight Plans, NOTAMs and Overflight and Landing Permits (Number), 2018/19



Mode of Filing Flight Plans after Implementation of Internet Briefing Services (Number), 2018/19



# COMMUNICATION NAVIGATION AND SURVEILLANCE (CNS)

## WHAT WE DO

The CNS sub-section of ANS is responsible for the maintenance, support, repair and calibration of all Communication, Navigation and Surveillance (CNS) systems provided for air navigation services in the Namibian airspace.

This is achieved by utilising specific management and testing apparatus combined with specialised knowledge to ensure the serviceability of systems at airports and at various sites throughout the country, in compliance with the requirements and standards of the ICAO.





ALTHOUGH UNDER SEVERE HUMAN RESOURCES LIMITATIONS, THE CNS FOCUSED ON ENSURING THE AVAILABILITY OF THE VARIOUS CNS SYSTEMS, ACHIEVING THE FOLLOWING:

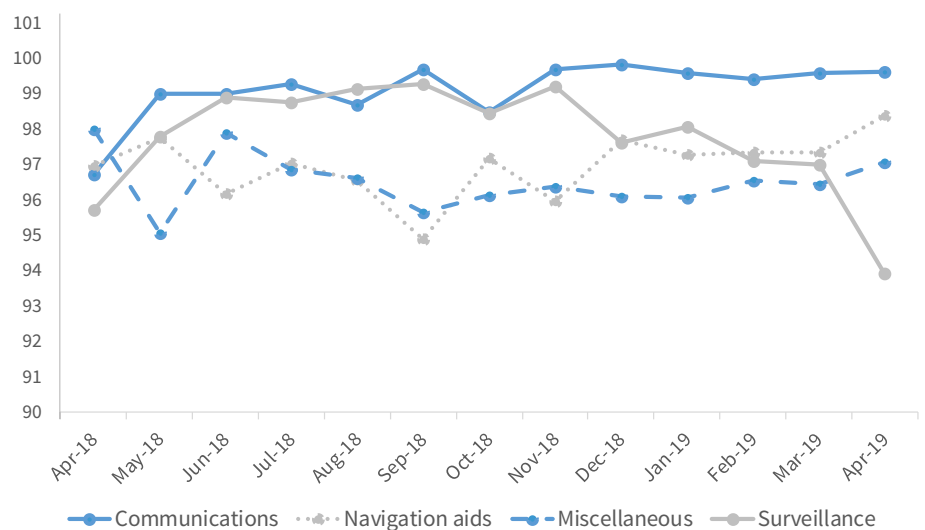
### CNS ACHIEVEMENTS DURING THE REPORTING PERIOD

Sustained the performance and reliability of essential equipment by achieving mostly minimum of 95 per cent statistical availability for all ANS systems.

Utilised modern technology to centralise monitoring, maintenance and support.

Successful parallel Implementation of Air Traffic Services Voice Recording System, Very High Frequency radio network and Voice Communication Switching system at Eros Air Traffic Control Centre, Hosea Kutako International Airport, Walvis Bay International Airport, Lüderitz Airport and also replacement of Instrument Landing System at Hosea Kutako International Airport and Walvis Bay International Airport. The parallel implementation is ear marked of replacing the performance failing PAGE/OTE equipment.

NCAA's Equipment Availability Statistics (Percentage), 2018/19



## CHALLENGES FACED BY CNS DURING THE REPORTING YEAR

The CNS section faced various challenges mainly as below:

- Telecom links often do become unavailable unexpectedly and affecting ATS operations
- Unable to plan for regular maintenance due to critical staff shortage, as indicated on the table:

Positions	Status
Positions available ATSEP	40
Positions filled ATSEP	4
Positions vacated	-
Position Support Staff	4
Position Support Staff filled	3
Position Support Staff vacated	1

## LOOKING AHEAD: CNS PLANNED ACTIVITIES FOR NEXT FINANCIAL YEAR

Various plans have been initiated to address the constrains or challenges that are currently affecting the CNS section, to mention a few:

Ad hoc trips arranged on continuous basis as part of corrective maintenance.

Service Level Agreement (SLA) with Telecom Namibia: discussions has been established to address various issues, including time of response and delivery of link network services required for ATS operations.

CNS staffing issue is being addressed with NCAA ANS bursary programme.

To further enhance the ATS service delivery, a new VOR/DME is planned to be installed at Lüderitz; implementing of AIDC with South Africa, ATNS and full commissioning of VRS, VHF and VCS system in next financial year.



# ON - GOING PROJECTS IN THE ANS

## **Very High Frequency (VHF) Radio System Upgrade**

During the previous period the installation of the VHF Radio System Upgrade, and all sites where completed. During the reporting year the transitioning from the former VHF radios to the new Jotron VHF equipment took place. Special attention was given to stakeholders with respect to the implementation of the transition plan to minimize and to mitigate potential risks. The new VHF Equipment is now fully operational and in the event of a failure of the new equipment the NCAA still has the previous equipment as a fall back. It is however the intention of the NCAA to decommission the older equipment and remove it completely.

## **Voice Communication Switch (VCS) System Upgrade**

During the previous period the installation of the Voice Communication Switch Upgrade and replacement started. During the reporting year, the NCAA commenced with final installation of the operator panels which could only take place after the system had been taken into service. A transition plan was developed and agreed with stakeholders. The transition to the new Voice Communication Switch happened progressively. The new Voice Communication Switch is now fully operational and in the event of a failure of the new equipment the NCAA still has the previous equipment as a fall back. It is, however, the intention of the NCAA to decommission the older equipment and remove it completely.

## **Voice Recording System (VRS)**

During the previous period the Voice Recording System was installed. During the reporting year, the VRS system was optimized and is now working correctly.

## **Ondangwa ATC Tower**

During the previous period the Ondangwa ATC tower has reached the practical completion. During the reporting year, the NCAA got a security and access control system in place. Telecom Namibia was also contacted to provide all the required communication links as required by Air Traffic Control.

## **Instrument Landing System (ILS)**

During the previous period the ILS systems was technically commissioned and had been flight checked but not introduced into service. During the reporting year, the Air Navigation Service Provider had implemented some changes requested by the Regulator, after which the ILS at Hosea Kutako was taken into full service.

At Walvis Bay the ILS is also operational and the ANSP had implemented all the requirements, but unfortunately there are still some outstanding matters on the airport side and once these have been attended by the Namibia Airports Company the ILS at Walvis Bay can also be taken into operation.

# ANS SAFETY AND QUALITY

## DELIVERING PEOPLE AND GOODS SAFELY

The purpose of the Safety and Quality Office is to provide guidance and direction for the planning, implementation and operation of the NCAA's ANS Safety Management (SMS) and Quality Management (QMS) systems. This is done in order to maintain and enhance service delivery to that part of the aviation industry which is reliant on the ANS provider to complete its mandate of delivering people and goods safely to their destinations, domestically and internationally.

While still in its infancy, the Safety and Quality Office is in the process of developing and implementing the ANS Safety Management System, as well as the Quality Management system. An important achievement during the reporting year was obtaining ISO 9000/2015 certification following the certification audit which was conducted in July 2018.

Apart from developing the Safety and Quality system, the Safety and Quality office is tasked to manage incident and hazard analysis, monitoring safety and quality corrective actions and ensuring compliance with regulatory requirements. In addition, the office develops and continuously promotes a safety culture within the ANS through encouraging safety practices.

Looking towards the next year, the office will be interacting with Air Traffic Management (ATM), in order to develop the required Quality Procedures for the section, supporting another step in obtaining full ISO certification for the NCAA ANS. While this could take longer than the next twelve months, the objective is to complete as much of the work as possible in order to achieve the goal of certification for the ATM section within the next two years.





## SAFETY EVENTS RECORDED

The following examples of safety events recorded for the reporting period are provided to give an indication of the nature of safety events that occurred during the period under review, the actions taken to resolve the situation and improvements made to prevent a reoccurrence of similar events in the future.

DATE	INCIDENT RECORDED	INCIDENT DETAIL	CAUSE OF INCIDENT	RESOLUTION
06/07/2018	Exceeded Flight Level clearance	Pilot exceed the Flight level that flight was cleared to by 500 Ft	Pilot error	ATC resolved the situation through Surveillance monitoring the flight
12/08/2018	Lack of ATC co-ordination	Flight en-route to Johannesburg form Oceanic airspace, entered the Windhoek Flight information Region, without prior co-ordination	ATC Error	Co-ordination Letters of Procedure reviewed and amended.
16/09/2018	Loss of Separation between arriving flights	ATC not able to provide adequate separation between the arriving flights, outside of field of view	ATC and system error	A more direct application of control is required to be provided in the area concerned.
26/09/2018	Flight deviating from course, without ATC clearance	Pilot deviated from cleared track, without requesting or receiving ATC approval of new track being flown.	Pilot error	ATC resolved the situation through Surveillance monitoring the flight
28/09/2018	Reduction in spacing due to frequency separation	Incident occurred due to two flights operating in the same airspace, but on two different ATC frequencies.	ATC Error	ATCs instructed to ensure that flights operating in the same portion of airspace are on the same radio frequency.

## AN EXAMPLE AND SUMMARY OF AN UNSAFE EVENT THAT TOOK PLACE DURING THE REPORTING YEAR

---

### **On 30 August 2018, an unsafe event occurred between a Boeing 777 (B77W) and an Airbus 343 (A343) in Namibia's airspace.**

The B77W was routing from Amsterdam's Schiphol International Airport (EHAM) to Cape Town International Airport (FACT) and was cleared by the event controller 'through' the FYWH FIR from point UNLOK on the Northern Flight Information Area boundary to point KEBAT on the Southern Flight Information boundary on air route UT943, passing overhead Windhoek VOR en-route to point KEBAT at flight level 330. The A343 was cleared by the event controller from point NEVAR on the Southern Flight Information Region boundary to point UNLOK direct at flight level 330.

At 73 nautical miles from the Windhoek VOR on radial 006 a Short Term Conflict Alert was activated. Without any deviation in course or flight level by either the controller or the flight crew the two aircraft would have passed within 5 nautical miles (NM) (10NM is required) from each other on reciprocal tracks and at the same level.

Initial traffic avoidance instructions issued by the event controller to the B77W would have reduced separation further, a second instruction increased separation. Conflict resolution was provided 1 minute and 6 seconds after the Short Term Conflict Alert was activated, which mitigated the safety risk and restored standard separation between the aircraft involved.

The investigation revealed that the main cause of the unsafe event was loss of situational awareness caused by distractions, complacency and non-compliance with standard procedures, with a contributing factor being that the A343 was taken off the flight plan filed route by instruction of the event controller.

The remedial action taken included specific remedial training for the event controller and improvements to the Air Traffic Services continuous training programme with the goal of exercising the controller's reaction to Short Term Conflict Alerts and effective traffic avoidance action.

# SECTION 5

# HUMAN CAPITAL ACTIVITIES



# OUR EMPLOYEES, OUR BIGGEST ASSET



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

The Human Resources Section is well established to support the core function of the NCAA. It is tasked with appointing employees with a view to assist the NCAA in fulfilling its mandate in terms of the Civil Aviation Act No 6 of 2016.

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 financially 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.

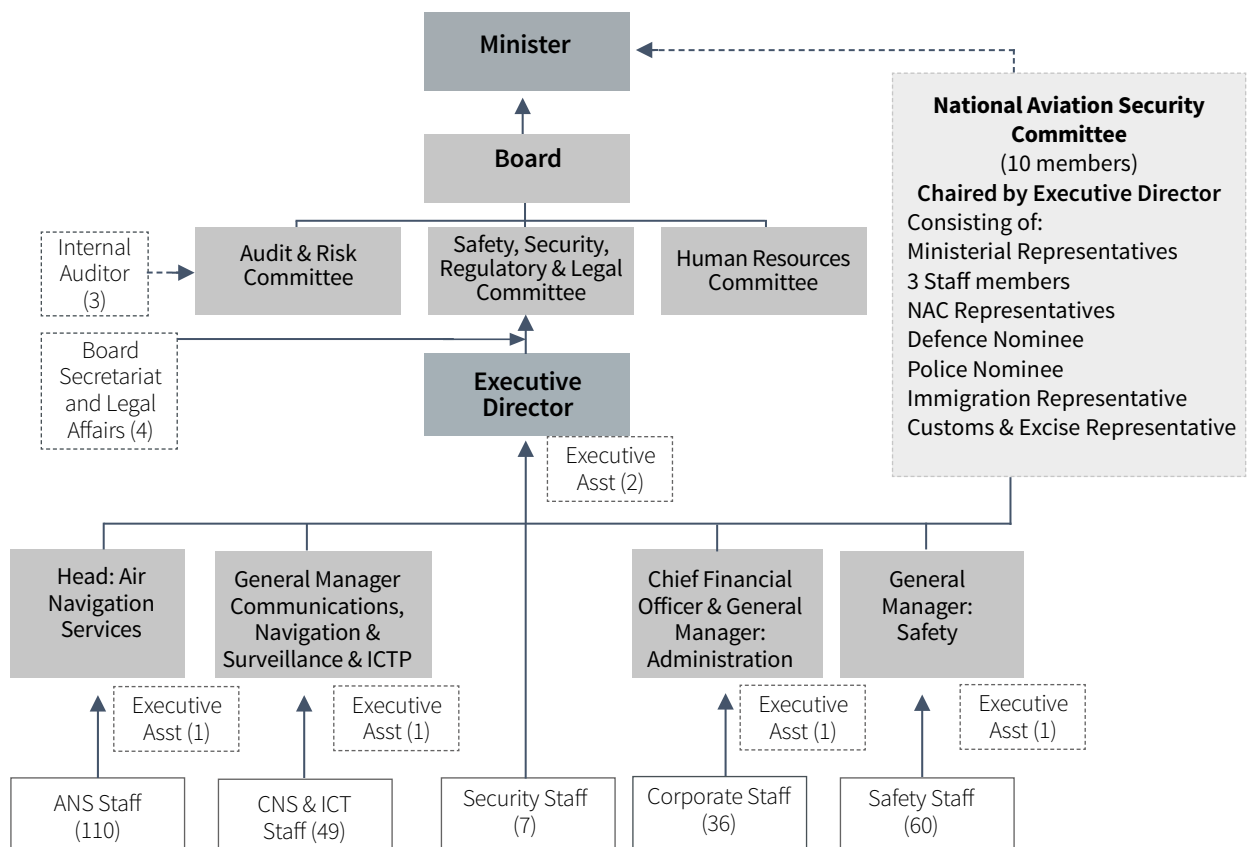
The NCAA has an approved staff structure of 222 positions for the 5-year Business and Financial Plan period 2017/18-2021/22. The staffing objective for the next financial year is to fill the remaining number of the approved staff complement.

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 shown in the below organogram.



## CURRENT STAFF COMPLEMENT

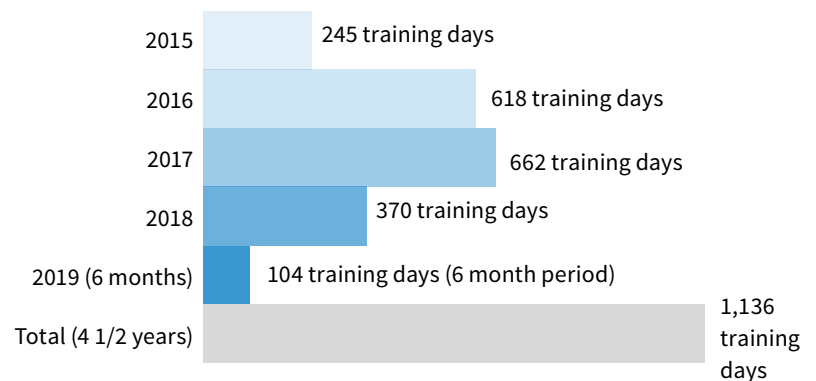
The Human Resources section ensures that there is harmony in complying with the relevant laws between employer and employees, that employees are adequately equipped and resourced, and that staff loyalty and commitment remain high as our staff execute their duties.

The staff complement for the year under review is depicted in the graph.



## ICAO TRAINING DELIVERED

The number of training days delivered to Namibian nationals by the ICAO international experts are depicted in the graph.



## PLANNED ACTIVITIES

### TRAINING AND DEVELOPMENT

The NCAA believes in staff development and engagement. All newly appointed NCAA staff members are scheduled to attend the following important trainings in order to adopt the NCAA culture:

- Collaborating with Change training
- Formal NCAA induction training
- Customer service training

The objective is to assist the new employees to collaborate with change in the new environment, to ensure that

standardised processes are followed and adhered to during the change management process. It is also important to acquaint new employees with the mandate, culture, job procedures and policies. Creating a sense of belonging and setting the standards of required behaviour and performance.

The customer service training is aimed to build a new customer centric culture, developed a service attitude and mindset aimed at the internal and external customer service and professionalism.

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## EMPLOYEE WELLNESS

As a means of promoting staff wellness once all staff are on board, the NCAA has contracted NMC as the service provider for medical care. The Human Resources department is planning to host a wellness day for employees to have an opportunity to have a free assessment of their general health provided by NMC.

A wellness committee will be established in the next financial year with the focus on overall wellness of employees at the workplace.

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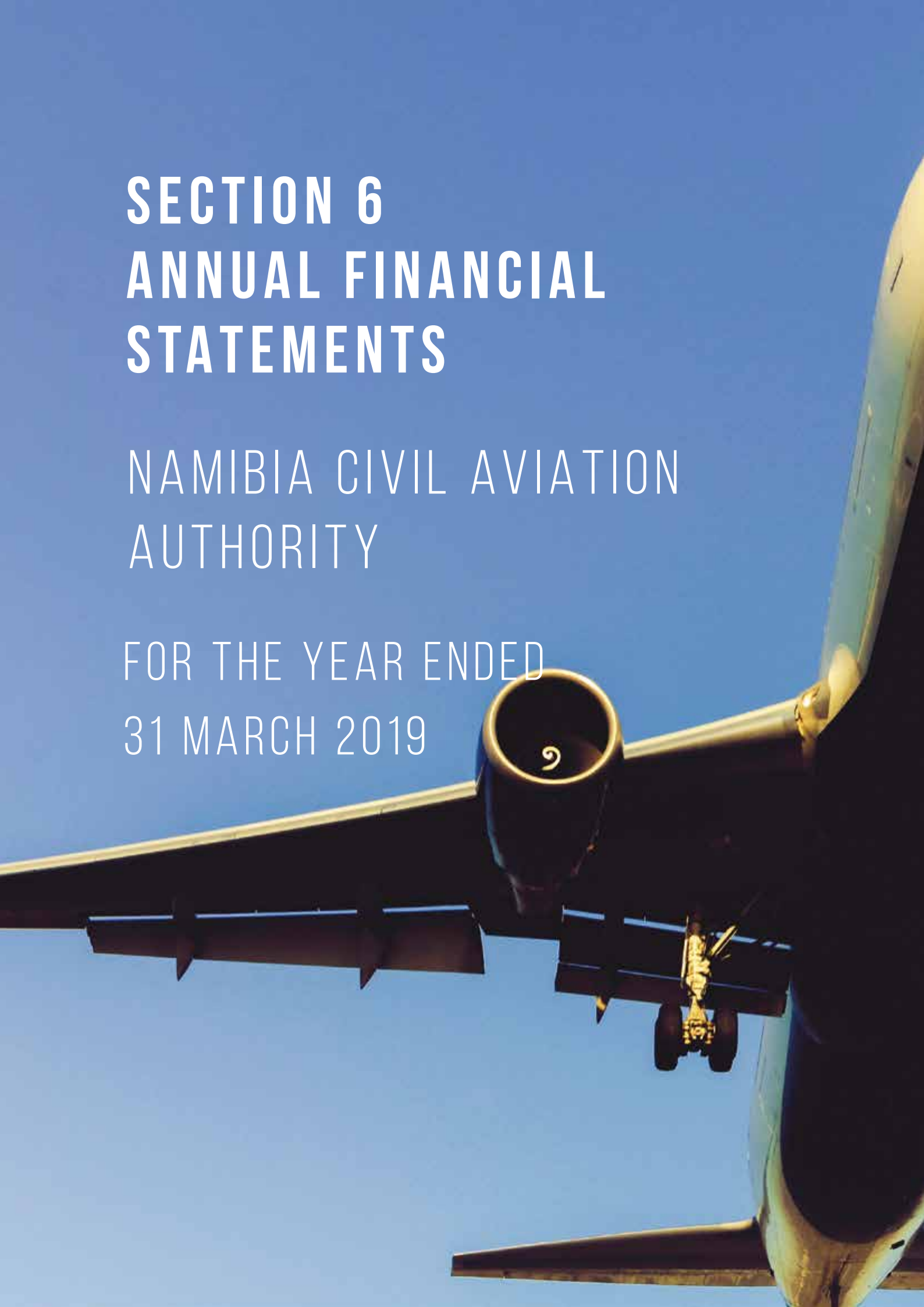
## ANS BURSARY PROGRAMME

The NCAA Air Navigation Services (ANS) initiated a bursary programme in 2018 which provided bursaries for Namibian nationals to train as Air Traffic Controllers (ATC) (20 persons), Aeronautical Information Officers (AIO) (6 persons) and Air traffic Safety Electronics Personnel (ATSEP) (12 persons) over a period of three years. Training commenced at the beginning of 2019 with planned completion in 2021.

The first group of ATC and ATSEP bursary holders will complete academic training in March 2020, followed by 6 months of on-the-job training and on successful completion of their training, be considered for employment and deployment to those operation units where staff are required.

The AIO group of bursary holders will complete their academic training in September 2019. Followed by 6 months of on-the-job training and on successful completion of their training, be considered for employment and deployment in the Aeronautical Information Service Centre located at the ANS facilities at Eros airport.





**SECTION 6**  
**ANNUAL FINANCIAL**  
**STATEMENTS**

NAMIBIA CIVIL AVIATION  
AUTHORITY

FOR THE YEAR ENDED  
31 MARCH 2019



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# 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 and the Civil Aviation Act of 2016. The Authority's independent external auditors have audited the financial statements and their report appears on pages 99 to 101.

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 year 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 year to 31 March 2020 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 102 to 123, which have been prepared on the going concern basis, were approved by the board of directors on 27 June 2019 and are signed on their behalf by:



Chairperson



Director



## *Independent auditor's report*

To the Members of Namibia Civil Aviation Authority

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### *Our opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of Namibia Civil Aviation Authority (the Authority) as at 31 March 2019, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

### **What we have audited**

Namibia Civil Authority Authority's financial statements set out on pages 102 to 123 comprise:

- the directors' report for the year ended 31 March 2019;
  - the statement of financial position as at 31 March 2019;
  - the statement of comprehensive income for the year then ended;
  - the statement of changes in equity for the year then ended;
  - the statement of cash flows for the year then ended; and
  - the notes to the financial statements, which include a summary of significant accounting policies.
- 

### *Basis for opinion*

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 qualified opinion.

### **Independence**

We are independent of the Authority in accordance with sections 290 and 291 of the International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants (Revised July 2016)*, parts 1 and 3 of the International Ethics Standards Board for Accountants *International Code of Ethics for Professional Accountants (including International Independence Standards) (Revised July 2018)* (Code of Conduct) and other independence requirements applicable to performing audits of financial statements in Namibia. We have fulfilled our other ethical responsibilities in accordance with the Code of Conduct and in accordance with other ethical requirements applicable to performing audits in Namibia.

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### *Other information*

The directors are responsible for the other information. The other information comprises the information included in the Namibia Civil Aviation Authority Annual Financial Statements for the year ended 31 March 2019. Other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do 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

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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: Louis van der Riet, Anna EJ Rossouw, Chantell N Husselmann, Gerrit Esterhuysen, Samuel N Ndahangwapo, Hans F Hashagen, Johannes P Nel, Nelson M Lucas, Trofimus Shapange, Hannes van den Berg



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 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 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 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 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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- 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.

PricewaterhouseCoopers  
Registered Accountants and Auditors  
Chartered Accountants (Namibia)  
Per: Samuel N Ndahangwapo  
Partner  
Windhoek  
Date:- 09 August 2019

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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# REPORT OF THE DIRECTORS

## FOR THE YEAR ENDED 31 MARCH 2019

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.

### FINANCIAL PERIOD

The financial results of the Authority are set out in the attached annual financial statements. The comparative 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 year in the form of cash and assets amounted to N\$98,816,954 (2018: 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.

### 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 and correspondence on the matter has been issued. The Authority did not earn income sufficient to be subject to tax in the reporting year, 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 year (2018: N\$nil).

### DIRECTORS AND SECRETARY

The following persons acted as directors of the Authority, including ANS, during the year:

KH Egumbo (Chairman)	(appointed 1 November 2016 for 5 years)
RO Gärtner (Deputy Chairman)	(appointed 1 November 2016 for 4 years)
(Interim Executive Director)	(appointed 1 June 2019 for 1 year)
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 Katjiuanjo (Alternate)	(appointed 1 November 2016 for 4 years)
U Sibolile (Alternate)	(appointed 1 November 2016 for 4 years)
A Simana (Executive Director)	(appointed 1 November 2016; resigned 27 May 2019)
G D Elliott (Interim Corporate Secretary)	(appointed 1 November 2016)

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

<b>Business address:</b>	<b>Postal address:</b>
NCAA Building	Private Bag 12003
4 Rudolph Hertzog Street	WINDHOEK
WINDHOEK	NAMIBIA
NAMIBIA	

## GOING CONCERN

The Authority incurred a net loss N\$54,508,996 (2018: N\$111,792,044) for the year ended 31 March 2019 and generated cash flows from operating activities amounting to N\$57,754,000 (2018: N\$52,719,000). The loss, 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, new aviation and safety charges implemented on 1 December 2018 will aid 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 the Ministry of Works and Transport, the Namibia Defence Force and from the International Civil Aviation Organization (ICAO). It remains the intention of the Authority to cease with these secondments and contracts which are currently paid for through Government funding 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 FINANCIAL POSITION

AS AT 31 MARCH 2019

	NOTES	2019 NS'000	(17 MONTHS) 2018 NS'000
<b>ASSETS</b>			
NON-CURRENT ASSETS			
Property, plant and equipment	10	184	2
Intangible assets	11	460	73
CURRENT ASSETS			
Trade and other receivables	12	54 659	64 939
Short-term investments	13, 16.2	132 896	77 115
Bank balances and cash	16.2	6 413	5 152
<b>TOTAL ASSETS</b>		<b>194 612</b>	<b>147 281</b>
<b>EQUITY AND LIABILITIES</b>			
CAPITAL AND RESERVES			
Government contributions	14	344 807	245 990
Accumulated loss		(166 301)	(111 792)
CURRENT LIABILITIES			
Trade and other payables	15	16 106	13 083
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>194 612</b>	<b>147 281</b>

# STATEMENT OF COMPREHENSIVE INCOME

THE YEAR ENDED 31 MARCH 2019

	NOTES	2019 NS'000	(17 MONTHS) 2018 NS'000
REVENUE	5	144 399	94 725
OPERATING COSTS	7	(204 880)	(210 493)
Operating loss		(60 481)	(115 768)
Finance income	8	6 023	2 602
Other ( loss)/income		(51)	1 374
LOSS before taxation		(54 509)	(111 792)
Taxation	9	-	-
LOSS for the year before other comprehensive income		(54 509)	(111 792)
Other comprehensive income		-	-
COMPREHENSIVE LOSS for the year		(54 509)	(111 792)

# STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2019

	NOTE	GOVERNMENT CONTRIBUTIONS NS'000	ACCUMULATED LOSS NS'000	TOTAL NS'000
Government contributions	14	245 990	-	245 990
Comprehensive loss for the period		-	(111 792)	(111 792)
BALANCE at 31 March 2018		245 990	(111 792)	134 198
Government contributions	14	98 817	-	98 817
Comprehensive loss for the year		-	(54 509)	(54 509)
BALANCE at 31 March 2019		344 807	(166 301)	178 506

# STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2019

	NOTES	2019 NS'000	(17 MONTHS) 2018 NS'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		<b>57 754</b>	<b>52 719</b>
Cash receipts from customers		102 604	77 675
Cash paid to suppliers and employees		(50 873)	(27 558)
Cash generated by operations	16.1	51 731	50 117
Finance income		6 023	2 602
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>(712)</b>	<b>(79)</b>
Acquisition of property, plant and equipment	10	(197)	(3)
Acquisition of intangible assets	11	(515)	(76)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>-</b>	<b>29 627</b>
Government contributions	14	-	29 627
Cash and cash equivalents for the year		57 042	82 267
Cash and cash equivalents at beginning of the year		82 267	-
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	16.2	<b>139 309</b>	<b>82 267</b>

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2019

### 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. The functional and presentation currency is Namibian Dollars (N\$). All values are rounded to the nearest thousand ('000).

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.

There have been no changes in accounting policies.

### 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 2019. Standards and Interpretations that are not yet effective and will be adopted in future years are listed in Note 21.

The directors and management have not yet assessed the implications of these standards and interpretations.

The Authority has applied the following standards and amendments for the first time for the annual reporting year ended 31 March 2019:

- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers

The Authority had to make some adjustments due to the adoption of IFRS 9 which impacted the provision for bad debts. The impact of this on comparative numbers is considered insignificant and therefore the Authority has elected not to restate comparative information. This is supported in that all amounts provided in the comparative period have subsequently been recovered. The adoption of IFRS 15 has not resulted in any significant adjustments to measurement or recognition of revenue as the Authority does not have contracts with customers that qualify for adjustment.

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

#### REVENUE RECOGNITION

Revenue represents the gross inflow of economic benefits during the year 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.

The Authority has rights and obligations between itself and its customers. The services provided by the Authority to these customers however, in the case of air navigation services, occur at a particular point in time and are fulfilled at that point. Regulatory services are provided continually and are charged to industry on a basis that is relevant to the customers who use such services. The basis, which is formulated on passenger seats on international departing flights, is regular and repetitive and is seen to accurately reflect the rights and obligations creation and the consumption thereof, in that the service is over a period of time, and the invoicing is broken down into sufficiently small components to match the costing of such services and not to materially misstate revenue.

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)****3. ACCOUNTING POLICIES (CONTINUED)**

A receivable asset is recognised when the service is provided, as this is point in time that the consideration is unconditional because only the passage of time is required before payment is due.

The accounting policies for the Authority's revenue from contracts with customers are further explained in note 5.

Revenue is recognised on interest when it earned. Other revenue is recognised on the accrual basis at fair value.

**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.

**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 bases 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%

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)****3. ACCOUNTING POLICIES (CONTINUED)**

## 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%

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.

Financial instruments are regularly reviewed for objective evidence of impairment. Both provisioned and non-provisioned bad debts are written-off when recovery actions have been unsuccessful and when the likelihood of recovery is considered remote.

**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.

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)****3. ACCOUNTING POLICIES (CONTINUED)****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.

**FINANCIAL INSTRUMENTS****CLASSIFICATION**

The Authority classifies its financial assets in the following categories:

- those measured subsequently at fair value; and
- loans measured at amorised cost.

The classification depends on the Authorities' business model for managing financial assets and the contractual terms of the cash flows.

The Authority classifies the following financial assets at fair value through profit or loss:

- debt investments that do not qualify for measurement at either amortised cost or fair value through other comprehensive income,
- equity investments that are held for trading, and
- equity investments for which the entity has not elected to recognise fair value gains and losses through other comprehensive income.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Authority has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Authority classifies its financial assets as at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

The Authority reclassifies debt investments when and only when its business model for managing those assets changes.

**RECOGNITION AND DERECOGNITION**

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Authority commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Authority has transferred substantially all the risks and rewards of ownership.

At initial recognition, the Authority measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit and loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

***Debt instruments***

Subsequent measurement of debt instruments depends on the Authority's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Authority classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.
- **Fair value through other comprehensive income:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through comprehensive income. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)****3. ACCOUNTING POLICIES (CONTINUED)**

- Fair value through profit and loss: Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit and loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit and loss is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

*Equity instruments*

The Authority subsequently measures all equity investments at fair value. Where the Authority's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Authority's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit and loss are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at fair value through other comprehensive income are not reported separately from other changes in fair value. The Authority assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Authority applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, See note 12 for further details.

**ACCOUNTING POLICIES APPLIED UNTIL 31 MARCH 2018:**

The Authority has applied IFRS 9 retrospectively, but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the Authority's previous accounting policy.

**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. See note 12 for more details.

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)****3. ACCOUNTING POLICIES (CONTINUED)****GOVERNMENT 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.

**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.

Estimates 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 values, based on their expected sales values 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 Authority 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 that are expected to have defaults. The impairment loss is recognized in profit or loss when there is objective evidence that it is impaired. See note 12 for more details on Trade Receivable impairments.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

## 5. REVENUE

The following table provides an analysis of the disaggregated disclosure of major service lines and timing of recognition:

	2019	(17 MONTHS) 2018
	NS'000	NS'000
<i>Regulatory Services (transferred continually)</i>		
Passenger Safety Charge	17 849	-
<i>Regulatory Services (transferred at a point in time)</i>		
Safety Regulation Fees	2 004	2 108
<i>Air Navigation Services (transferred at a point in time)</i>		
En-route Navigation Charges	76 426	42 553
Terminal Charges	38 799	49 064
Aerodrome Charges	9 321	-
	<b>124 546</b>	<b>91 617</b>
<b>TOTAL REVENUE</b>	<b>144 399</b>	<b>94 725</b>

The aggregations are explained as:

- Passenger Safety Charges are based on passenger seats and are charged to airlines on all departures from Namibian aerodromes to fund the overhead operations of the regulatory division of the Authority. These are recognised monthly as the safety oversight regulatory service is provided continually.
- Safety regulation fees are charged by the regulatory division for specific safety oversight services and are recognised when the service is provided.
- En-route Navigation Charges are area control, flight information and related services provided to aircraft flying in the airspace of Namibia. These are recognised when the service is provided.
- Terminal Charges are procedural and/ or radar approach control and related services provided for aircraft flying in the Windhoek and Walvis Bay terminal manoeuvring areas. These are recognised when the service is provided.
- Aerodrome Charges are air traffic, aerodrome control and related services provided at aerodromes. These are recognised when the service is provided.

The fees and charges of the Authority are published by Government Gazette periodically and form the basis of amounts invoiced to customers, based on the services provided.

The Authority aggregates revenue from contracts with customers by contract type and considers this to accurately reflect the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors and does not disaggregate information into geographical segments.

The Authority discloses contracts with customers separately as Trade Receivables, included in note 12, which includes additional information on the uncertainty of revenue and cash flows arising from these contracts. These are seen as unconditional and there are no related contract liabilities.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

	2019	(17 MONTHS) 2018
	NS'000	NS'000
<b>6. BOARD MEMBER EMOLUMENTS</b>		
<b>Emoluments including allowances:</b>		
Salaries and fees	2 217	3 454
<b>Key management personnel emoluments</b>		
Emoluments of executive management (excluding the Executive Director):		
Salaries	3 551	3 049
Benefits	1 354	785
	4 905	3 834
<b>7. OPERATING COSTS</b>		
<b>Operating costs comprise:</b>		
Audit fees – current period	(320)	(436)
Bad debts (see note 12)	(35 210)	(8)
Board expenses	(316)	(1 582)
Commission paid	(1 587)	(1 259)
Consulting fees - ICAO project	(23 112)	(27 176)
- Other	(6 746)	(2 058)
Depreciation and amortization	(89)	(4)
Directors fees	(880)	(1 574)
Employment costs	(91 602)	(124 767)
Insurance	(2 526)	(1 040)
Legal fees	(115)	(57)
Membership fees	(2 357)	(1 646)
Loss on scrapping of intangible assets	(54)	-
Operating lease charges:		
- Properties	(214)	(5 387)
- Plant and equipment	(11 188)	(20 789)
- Motor vehicle expenses	(5 293)	(6 402)
Repairs & Maintenance	(1 191)	(4 221)
Travel & Accommodation	(7 709)	(4 749)
Other expenses	(14 371)	(7 338)
	(204 880)	(210 493)

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

	2019	(17 MONTHS) 2018
	NS'000	NS'000

**8. FINANCE INCOME**

Financial instruments measured at amortised cost:

- Bank interest earned	6 023	2 602
------------------------	-------	-------

**9. TAXATION**

The Authority did not earn any taxable income during the financial year nor prior financial reporting period. It is Management's assessment that the Authority is not subject to income taxation as it is an entity not for gain per the Civil Aviation Act of 2016. A formal request for confirmation as such has been submitted to the Ministry of Finance.

**10. PROPERTY, PLANT AND EQUIPMENT**

	NETWORK & COMPUTER EQUIPMENT	VEHICLES AND FURNITURE, FIXTURES AND FITTINGS	TOTAL
	NS'000	NS'000	NS'000
<b>Cost</b>			
Additions during the period	-	3	3
Balance at 31 March 2018	-	3	3
Additions during the year	90	107	197
Balance at 31 March 2019	90	110	200
<b>Accumulated depreciation</b>			
Depreciation charge for the period	-	(1)	(1)
Balance at 31 March 2018	-	(1)	(1)
Depreciation charge for the year	(12)	(3)	(15)
Balance at 31 March 2019	(12)	(4)	(16)
<b>Book value</b>			
At 31 March 2018	-	2	2
At 31 March 2019	78	106	184

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. A request to transfer approximately N\$300 million worth of assets resides with the Ministry of Finance for approval and expected to be transferred to the Authority in the next financial year. Further transfers of assets are to occur in future years.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

	2019	(17 MONTHS) 2018
	N\$'000	N\$'000
<b>11. INTANGIBLE ASSETS</b>		
<b>Computer Software - Work-In-Progress</b>		
Opening balance	51	-
Additions	62	51
Transfer to available-for-use	(51)	-
	<u>62</u>	<u>51</u>
<b>Computer Software - Available-For-Use</b>		
<b>Cost</b>		
Opening balance	25	-
Transfer from work-in-progress	51	-
Additions	453	25
Scrapped	(81)	-
	<u>448</u>	<u>25</u>
<b>Amortization</b>		
Opening amortization	(3)	-
Amortization	(74)	(3)
Scrapped	27	-
	<u>(50)</u>	<u>(3)</u>
Balance at end of year - available-for-use	<u>398</u>	<u>22</u>
<b>Total Net Intangible Assets</b>	<u>460</u>	<u>73</u>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

	2019	(17 MONTHS) 2018
	NS'000	NS'000

## 12. TRADE AND OTHER RECEIVABLES

*Financial Instruments*

Trade receivables	58 845	17 050
Provision for doubtful debts - specific	(35 218)	(8)
	<u>23 627</u>	<u>17 042</u>

*Non-Financial Instruments*

Prepayments - ICAO project	23 924	44 814
Prepayments - other	7 108	3 083
Balance at end of year	<u>54 659</u>	<u>64 939</u>

Movement in provision for doubtful debts	COLLECTIVELY ASSESSED	INDIVIDUALLY ASSESSED	TOTAL
	NS'000	NS'000	NS'000
Balance at beginning of year under IAS39	(8)	-	(8)
Transfer from credit impaired	8	-	8
Transfer to credit impaired	(3 935)	(31 283)	(35 218)
Balance at end of year under IFRS 9	<u>(3 935)</u>	<u>(31 283)</u>	<u>(35 218)</u>

The Authority applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The Authority has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets. The expected loss rates are based on the payment profiles over a period of 4 months. The historical loss rates are adjusted to reflect current and forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

On that basis, the loss allowance as at 31 March 2019 (on the adoption of IFRS 9) was determined as follows for trade receivables:

## Trade debtors - days past due

31 March 2019 - IFRS9	<30	31 - 60	61 - 90	>90	TOTAL
	NS'000	NS'000	NS'000	NS'000	NS'000
Trade debtors	24 279	14 868	9 386	10 312	58 845
Expected credit loss	35%	55%	91%	96%	60%
Estimated impairment carrying value	<u>(8 543)</u>	<u>(8 203)</u>	<u>(8 539)</u>	<u>(9 933)</u>	<u>(35 218)</u>

## 31 March 2018 - IAS39

Trade debtors	5 932	2 981	2 054	6 083	17 050
Expected credit loss	0%	0%	0%	0.1%	0.04%
Estimated impairment carrying value	-	-	-	(8)	(8)

The following table explains how significant changes in gross carrying amount of the trade receivables contributed to changes in the loss allowance

	CREDIT NOT IMPAIRED	CREDIT IMPAIRED
	NS'000	NS'000
One customer's account with a gross carrying amount of N\$31,282,515 has gone from recoverable at 31 March 2018 to doubtful, due to significant liquidity concerns arising during the year. All amounts due as at 31 March 2018 were subsequently received.	-	<u>(31 283)</u>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

	2019	(17 MONTHS) 2018
	N\$'000	N\$'000

**13. SHORT-TERM INVESTMENTS****Current assets**

Funds on call	132 896	77 115
---------------	---------	--------

The funds are on deposit with Standard Bank Namibia (credit rating BBB-), with no fixed terms and earn interest at 5.85% p.a., compounded monthly. See note 16.2.

**14. GOVERNMENT CONTRIBUTIONS**

Balance at beginning of year	245 990	-
Contributions in the form of:		
- Expenses paid	98 817	216 363
- Cash	-	29 627
Balance at end of year	344 807	245 990

**15. TRADE AND OTHER PAYABLES***Financial Instruments*

Trade payables	14 902	11 782
----------------	--------	--------

*Non-Financial Instruments*

Payroll accruals	852	1 023
Lease smoothing accrual	352	278
	16 106	13 083

The average credit period on purchases is 30 days. The Authority does not have any long-term liabilities. It currently has sufficient cash reserves to fund its capital and operating expenditure.

The lease smoothing accrual relates to the smoothing of the rental lease payments on sites and towers rented over their lease periods.

The Directors of the Authority consider that the carrying amount of trade payables approximates to their fair value.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

	2019	(17 MONTHS) 2018
	NS' 000	NS' 000
<b>16. NOTES TO THE STATEMENTS OF CASH FLOWS</b>		
<b>16.1 Cash generated by operations</b>		
Loss before taxation	(54 509)	(111 792)
Adjusted for:		
Depreciation and amortization	89	4
Loss on scrapping of intangible asset	54	-
Movement on provision for doubtful debts	35 210	8
Non-cash Government contributions	98 817	216 363
Finance income	(6 023)	(2 602)
	73 638	101 981
Working capital changes	(21 907)	(51 864)
Increase in trade and other receivables	(24 930)	(64 947)
Increase in trade and other payables	3 023	13 083
<b>Cash generated by operations</b>	<b>51 731</b>	<b>50 117</b>

**16.2 Cash and cash equivalents**

Cash and cash equivalents included in the statements of cash flows comprise the following statement of financial position amounts:

Short-term investments	132 896	77 115
Bank balances and cash	6 413	5 152
<b>Total cash and cash equivalents</b>	<b>139 309</b>	<b>82 267</b>

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

**17. COMMITMENTS****Operating leases***Plant and equipment*

Due within one year	2 202	7 139
Due one and five years	3 635	18 867
<b>Total</b>	<b>5 837</b>	<b>26 006</b>

Operating lease commitments relate to sites and towers being leased and are negotiated for an average term of five years.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

	2019	(17 MONTHS) 2018
	N\$'000	N\$'000
<b>18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT</b>		
<b>18.1 Categories of financial instruments</b>		
<i>Financial assets at amortized cost</i>		
<b>Current assets</b>		
Trade and other receivables	58 845	17 050
Short-term investments	132 896	77 115
Bank balance and cash	6 413	5 152
<b>Total</b>	<b>198 154</b>	<b>99 317</b>
<i>Financial liabilities at amortized cost</i>		
<b>Current liabilities</b>		
Trade and other payables	14 902	11 782
<b>Total</b>	<b>14 902</b>	<b>11 782</b>
<b>Capital risk management</b>		
Currently the Authority does not have debt except for normal trade payables.		
Deposits with banks are kept in a one-day-call to maximize return for stakeholders.		
<b>18.2 Credit risk management</b>		
Credit risk arises from cash and cash equivalents, contractual cash flows of debt investments carried at amortised cost, at fair value through other comprehensive income and at fair value through profit or loss, favourable derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables.		
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. Remedial action in the form of financial assessments and 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:		
<b>Financial instruments - at amortized cost</b>		
Trade and other receivables	58 845	17 050
Short-term investments	132 896	77 115
Bank balances and cash	6 413	5 152
<b>Total</b>	<b>198 154</b>	<b>99 317</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

## 18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

## 18.3 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.

## 18.4 Interest rate management

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

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\$132,896,249 (2018: 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.

## 18.5 Maturity profile

Maturity profiles of financial instruments

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

	1 – 3 MONTHS	3 MONTHS - 1 YEAR	1 – 5 YEARS	TOTAL
	NS'000	NS'000	NS'000	NS'000
<b>2019</b>				
<b>Financial assets</b>				
Trade and other receivables	23 627	-	-	23 627
Short-term investments	132 896	-	-	132 896
Cash and cash equivalents	6 413	-	-	6 413
	<b>162 936</b>	<b>-</b>	<b>-</b>	<b>162 936</b>
<b>Financial liabilities</b>				
Trade and other payables	14 902	-	-	14 902
	<b>14 902</b>	<b>-</b>	<b>-</b>	<b>14 902</b>
<b>2018</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
	<b>93 226</b>	<b>6 083</b>	<b>-</b>	<b>99 309</b>
<b>Financial liabilities</b>				
Trade and other payables	11 782	-	-	11 782
	<b>11 782</b>	<b>-</b>	<b>-</b>	<b>11 782</b>

## 18.6 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. 0121

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

## 19. RELATED PARTIES

Balances and transactions between the Authority and its related party, the Government of the Republic of Namibia, through the Ministry of Works & Transport are disclosed below. A related party is a person or an entity that is related to the reporting entity: A person or a close member of that person's family is related to a reporting entity if that person has control, joint control, or significant influence over the entity or is a member of its key management personnel.

	2019	(17 MONTHS) 2018
	NS'000	NS'000
<b>Government of Namibia - as Shareholder</b>		
ICAO project	147 915	112 780
Payroll costs	134 957	76 327
Other expenses	61 935	56 883
<b>Government equity contributions:</b>	<b>344 807</b>	<b>245 990</b>
Entities transacting with the Authority who are under the influence of the Ministry of Works and Transport:		
Air Namibia (Pty) Ltd		
- Fees and Charges	45 014	31 706
- Travel expenses	(128)	(100)
- Trade receivables	31 283	11 629
Namibia Airports Company		
- Fees and Charges	105	2
- Travel expenses	(2)	(1)

## 20. NUMBER OF EMPLOYEES

The number of employees employed (including Executive Members) by the Authority as at the end of the year was as follows:

	2019	(17 MONTHS) 2018
Seconded staff - Government	98	107
Contract employees - ICAO Consultants	6	9
- ICAO Nationals	23	23
- Other	12	5
Permanent employees	-	-
<b>Total</b>	<b>139</b>	<b>144</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

## 21. 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 2019 or later periods but which the Authority has not early adopted, as follows:

NEW/REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS		EFFECTIVE DATE
IAS 1	Amendment to IAS 1, 'Presentation of financial statements' and IAS 8, 'Accounting policies, changes in accounting estimates and errors' on the definition of material.	Annual periods beginning on or after 1 January 2020.
IAS 19	Amendments to IAS 19, 'Employee benefits' on plan amendment, curtailment or settlement.	Annual periods on or after 1 January 2019
IFRS 3	Amendment to IFRS 3, 'Business combinations' Definition of a business	Annual periods on or after 1 January 2020
IFRS 16	IFRS 16 – Leases	Annual periods beginning on or after 1 January 2019 – earlier application permitted if IFRS 15 is also applied.
IFRS 17	IFRS 17, 'Insurance contracts'	Annual periods beginning on or after 1 January 2021
IAS 28	Amendments to IAS 28, 'Investments in associates and joint ventures' – long-term interests in associates and joint ventures.	Annual periods beginning on or after 1 January 2019
	Annual improvements cycle 2015-2017	Annual periods beginning on or after 1 January 2019
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, they do not anticipate the above to have a material effect on the Authority's financial statements presentation.

### IFRS16 - Leases: Implementation Plan

A lease implementation plan has been developed which will result in Authority adopting the simplified approach under the standard. A project team will review all of the Authority's leasing arrangements to fully assess the impact of adoption. The adoption of the standard would not result in any restatement of any comparative information, instead the cumulative effect of applying the standard is recognised as an adjustment to the opening balance of retained earnings at the date of initial application. Management did not perform a calculation on the impact of IFRS 16 to determine the potential impact on the future financial results and position.

#### *Understanding the accounting requirements:*

Operating leases will in future result in the creation of lease liabilities on the Statement of Financial Position which will represent the present value of remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of initial application. A right-of use asset will also be created and will equal the lease liability created on adoption and will be amortized over the lease period. Lease assets and liabilities with a term of 12 months or less will not be recognised, but will be expensed on a straight-line basis over the lease term.

#### *Understanding the lease population:*

Leases that the Authority has that will be impacted are those for air navigation and communication sites and towers and it is not expected that any debt covenants or borrowing capacity will be affected or any decisions as to whether to lease or buy significant assets may change.

#### *Assessing capabilities of existing technology:*

The Authority has the necessary technology capabilities to store data and perform calculations to ensure a sustainability.

#### *Assessing current state processes and controls:*

The adoption of the standard will require the Authority to challenge the efficiency and effectiveness of existing processes and controls, particularly those related to ensuring all material leasing activities are accounted for.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

## DIVISIONAL INCOME STATEMENT

ADDITIONAL INFORMATION PRESENTED NOT FORMING PART OF THE AUDITED ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2019

	REGULATORY		AIR NAVIGATION SERVICES	
	2019	(17 MONTHS) 2018	2019	(17 MONTHS) 2018
	NS'000	NS'000	NS'000	NS'000
<b>Revenue</b>	<b>19 849</b>	<b>2 108</b>	<b>124 550</b>	<b>92 617</b>
Audit fees – current year	(160)	(218)	(160)	(218)
Bad debts	(11 011)	-	(24 199)	(8)
Board expenses	(199)	(791)	(117)	(791)
Commission paid	(104)	-	(1 483)	(1 259)
Consulting fees - ICAO project	(21 880)	(25 545)	(1 232)	(1 631)
- Other	(5 699)	(2 058)	(1 047)	-
Depreciation and amortization	(88)	(3)	(1)	(1)
Directors fees	(440)	(787)	(440)	(787)
Employment costs	(47 782)	(66 657)	(43 820)	(58 110)
Inter-divisional management and other fees	5 302	7 511	(5 302)	(7 511)
Insurance	(39)	(20)	(2 487)	(1 020)
Legal fees	(115)	(25)	-	(32)
Membership fees	(2 357)	(1 646)	-	-
Loss on scrapping of intangible assets	(54)	-	-	-
Operating lease charges:				
- Properties	-	(5 387)	(214)	-
- Plant and equipment	(1 181)	(2 971)	(10 007)	(17 818)
- Motor vehicle expenses	(2 652)	(3 201)	(2 641)	(3 201)
Repairs & Maintenance	(59)	-	(1 132)	(4 221)
Travel & Accommodation	(5 676)	(2 839)	(2 033)	(1 910)
Other expenses	(10 496)	(2 635)	(3 875)	(4 703)
<b>Operating costs</b>	<b>(104 690)</b>	<b>(107 272)</b>	<b>(100 190)</b>	<b>(103 221)</b>
Finance income	1 036	477	4 987	2 125
Other (expense)/ income	(30)	1 374	(21)	-
<b>Net result</b>	<b>(83 835)</b>	<b>(103 313)</b>	<b>29 326</b>	<b>(8 479)</b>



# SECTION 7 ANNUAL FINANCIAL STATEMENTS

AIR NAVIGATION SERVICES (ANS)  
(A UNIT OF THE NAMIBIA CIVIL  
AVIATION AUTHORITY)

FOR THE YEAR ENDED 31 MARCH 2019

The image shows a 'MONTHLY BUDGET OVERVIEW' spreadsheet. The spreadsheet is organized into several sections, each with a brown header row. The sections include:

- HOME:** Includes rows for MOBILE PHONE, GAS, ELECTRICITY, CABLE, WATER/SEWER, INTERNET, CELL PHONE, and TRASH. Each row has columns for 'BUDGET' and 'SPENT'.
- LIVING:** Includes rows for GROCERIES, DINING OUT, CHILD CARE, and SUBSCRIPTIONS. Each row has columns for 'BUDGET' and 'SPENT'.
- PETS:** Includes rows for PET FOOD, VET CARE, and GROOMING. Each row has columns for 'BUDGET' and 'SPENT'.
- DEBTS:** A section with a 'BUDGET' column.

At the top of the spreadsheet, there is a 'MONTHLY BUDGET OVERVIEW' section with columns for 'MONTH' and 'INCOME TOTAL'. A gold pen is positioned diagonally across the bottom of the page, and a grey pen is positioned diagonally across the middle of the page.

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# DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The directors of the Authority and ANS division are responsible for the maintenance of adequate accounting records and the preparation and integrity of the financial statements and related information. The ANS financial statements have been prepared in accordance with International Financial Reporting Standards and the Civil Aviation Act of 2016. The Authority's independent external auditors have audited the ANS financial statements and their report appears on pages 129 to 131.

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 ANS 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 year 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 ANS financial records may be relied on for the preparation of the ANS 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 ANS cash flow forecast for the year to 31 March 2020 and, in light of this review and the current financial position, they are satisfied that ANS has access to adequate resources to continue in operational existence for the foreseeable future.

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

## DIRECTORS' APPROVAL OF THE ANS ANNUAL FINANCIAL STATEMENTS

The ANS annual financial statements set out on pages 132 to 152, which have been prepared on the going concern basis, were approved by the board of directors on 27 June 2019 and are signed on their behalf by:



Chairperson



Director



## *Independent auditor's report*

To the Members of Air Division Services "ANS"

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### *Our opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of Air Division Services "ANS" (the Division) as at 31 March 2019, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

### **What we have audited**

Air Division Services "ANS"'s financial statements set out on pages 132 to 152 comprise:

- the directors' report for the year ended 31 March 2019;
- the statement of financial position as at 31 March 2019;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

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### *Basis for opinion*

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

### **Independence**

We are independent of the Division in accordance with sections 290 and 291 of the International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants (Revised July 2016)*, parts 1 and 3 of the International Ethics Standards Board for Accountants *International Code of Ethics for Professional Accountants (including International Independence Standards) (Revised July 2018)* (Code of Conduct) and other independence requirements applicable to performing audits of financial statements in Namibia. We have fulfilled our other ethical responsibilities in accordance with the Code of Conduct and in accordance with other ethical requirements applicable to performing audits in Namibia.

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### *Other information*

The directors are responsible for the other information. The other information comprises the information included in the Air Navigation Services "ANS" Annual Financial Statements for the year ended 31 March 2019. Other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do 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.

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Country Senior Partner: R Nangula Uaandja  
Partners: Louls van der Riet, Anna EJ Rossouw, Chantell N Husselmann, Gerrit Esterhuyse, Samuel N Ndahangwapo, Hans F Hashagen, Johannes P Nel, Nelson M Lucas, Trofim Shapanga, Hannes van den Berg

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### *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 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 Divisions 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.

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### *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 Division 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 Division 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 Division to cease to continue as a going concern.
- 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.

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Country Senior Partner: R Nangula Uaandja  
Partners: Louis van der Riet, Anna EJ Rossouw, Chantell N Husseimann, Gerrit Esterhuyse, Samuel N Ndahangwapo, Hans F Hashagen, Johannes P Nel, Nelson M Lucas, Trofimus Shapange, Hannes van den Berg



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.

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A handwritten signature in black ink, appearing to read 'Samuel N Ndahangwapo', written over a horizontal line.

PricewaterhouseCoopers  
Registered Accountants and Auditors  
Chartered Accountants (Namibia)  
Per: Samuel N Ndahangwapo  
Partner

Windhoek  
Date:- 09 August 2019

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# REPORT OF THE DIRECTORS

## FOR THE YEAR ENDED 31 MARCH 2019

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

### NATURE OF BUSINESS

Air Navigation Services division “ANS” 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 “ANS”. These operate severally from each other to ensure functional separation.

In terms of Section 49 (5) (e) of the Civil Aviation Act of 2016, ANS is required to prepare a separate set of audited annual financial statements.

### FINANCIAL PERIOD

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

### EQUITY

Government equity contributions over the financial year in the form of cash and assets amounted to N\$128,963,179 (2018: N\$84,814,591). ANS is established as a functionally separate division of the Authority in terms of Section 49 of the Civil Aviation Act of 2016 and has as its line-Ministry, the Ministry of Works & Transport.

### 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 and correspondence on the matter has been issued. The Authority, including the ANS division did not earn income sufficient to be subject to tax in the reporting year, 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 year (2018: N\$nil).

## DIRECTORS AND SECRETARY

The following persons acted as directors of the Authority, including ANS, during the year:

KH Egumbo (Chairman)	(appointed 1 November 2016 for 5 years)
RO Gärtner (Deputy Chairman)	(appointed 1 November 2016 for 4 years)
(Interim Executive Director)	(appointed 1 June 2019 for 1 year)
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 Katjiuanjo (Alternate)	(appointed 1 November 2016 for 4 years)
U Sibolile (Alternate)	(appointed 1 November 2016 for 4 years)
A Simana (Executive Director)	(appointed 1 November 2016; resigned 27 May 2019)

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

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

<b>Business address:</b>	<b>Postal address:</b>
NCAA Building	Private Bag 12003
4 Rudolph Hertzog Street	WINDHOEK
WINDHOEK	NAMIBIA
NAMIBIA	

## 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, and therefore ANS, 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, new aviation and safety charges implemented on 1 December 2018 will aid cost recovery and the continued financial viability of the Authority, including ANS.

## STAFF SECONDMENTS/ICAO CONTRACTS

As part of its establishment processes, the Authority and the ANS division currently has staff seconded and contracted from the Ministry of Works and Transport, the Namibia Defence Force and from the International Civil Aviation Organization (ICAO). It remains the intention of the Authority to cease with these secondments and contracts which are currently paid for through Government funding 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 ANS annual financial statements.

# STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2019

	NOTES	2019 NS' 000	(17 MONTHS) 2018 NS' 000
<b>ASSETS</b>			
NON-CURRENT ASSETS			
Property, plant and equipment	10	40	2
CURRENT ASSETS			
Trade and other receivables	11	26 223	21 457
Short-term investments	12, 16.2	123 760	53 002
Loan account	13	2 410	6 603
Bank balances and cash	16.2	6 251	3 335
<b>TOTAL ASSETS</b>		<b>158 684</b>	<b>84 399</b>
<b>EQUITY AND LIABILITIES</b>			
CAPITAL AND RESERVES			
Government contributions	14	128 963	84 815
Accumulated surplus/(deficit)		20 847	(8 479)
CURRENT LIABILITIES			
Trade and other payables	15	8 874	8 063
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>158 684</b>	<b>84 399</b>

# STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2019

	NOTES	2019 NS'000	(17 MONTHS) 2018 NS'000
REVENUE	5	124 550	92 617
OPERATING COSTS	7	(100 190)	(103 221)
Operating profit/(loss)		24 360	(10 604)
Finance income	8	4 987	2 125
Other expenses		(21)	-
PROFIT/(LOSS) BEFORE TAXATION		29 326	(8 479)
Taxation	9	-	-
PROFIT/(LOSS) for the year before other comprehensive income		29 326	(8 479)
Other comprehensive income		-	-
COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		29 326	(8 479)

# STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2019

	NOTE	GOVERNMENT CONTRIBUTIONS NS'000	ACCUMULATED (DEFICIT)/SURPLUS NS'000	TOTAL NS'000
Government contributions	14	84 815	-	84 815
Comprehensive loss for the period		-	(8 479)	(8 479)
BALANCE at 31 March 2018		84 815	(8 479)	76 336
Government contributions	14	44 148	-	44 148
Comprehensive loss for the year		-	29 326	29 326
BALANCE at 31 March 2019		128 963	20 847	149 810

# STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2019

	NOTES	2019 NS'000	(17 MONTHS) 2018 NS'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		<b>73 712</b>	<b>49 112</b>
Cash receipts from customers		99 551	75 567
Cash paid to suppliers and employees		(30 826)	(28 580)
Cash generated by operations	16.1	68 725	46 987
Finance income		4 987	2 125
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>(38)</b>	<b>(3)</b>
Acquisition of property, plant and equipment	10	(38)	(3)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>-</b>	<b>7 228</b>
Government contributions	14	-	7 228
Cash and cash equivalents for the year		73 674	56 337
Cash and cash equivalents at beginning of the year		56 337	-
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	16.2	<b>130 011</b>	<b>56 337</b>

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2019

### 1. BASIS OF PREPARATION

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the Civil Aviation Act of 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. The functional and presentation currency is Namibian Dollars (N\$). All values are rounded to the nearest thousand ('000).

Assets are only recognized 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 recognized 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.

There have been no changes in accounting policies.

### 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 2019. Standards and Interpretations that are not yet effective and will be adopted in future years are listed in Note 21.

The directors and management have not yet assessed the implications of these standards and interpretations.

The ANS division has applied the following standards and amendments for the first time for the annual reporting year ended 31 March 2019:

- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers

The ANS division had to make some adjustments due to the adoption of IFRS 9 which impacted the provision for bad debts. The impact of this on comparative numbers is considered insignificant and therefore the ANS division has elected not to restate comparative information. This is supported in that all amounts provided in the comparative period have subsequently been recovered. The adoption of IFRS 15 has not resulted in any significant adjustments to measurement or recognition of revenue as the ANS division does not have contracts with customers that qualify for adjustment.

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

#### REVENUE RECOGNITION

Revenue represents the gross inflow of economic benefits during the year 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.

The ANS division has rights and obligations between itself and its customers. The services provided by the ANS division to these customers however, in the case of air navigation services, occur at a particular point in time and are fulfilled at that point.

A receivable asset is recognised when the service is provided, as this is point in time that the consideration is unconditional because only the passage of time is required before payment is due.

The accounting policies for the ANS division's revenue from contracts with customers are further explained in note 5.

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)****3. ACCOUNTING POLICIES (CONTINUED)**

Revenue is recognised on interest when it earned. Other revenue is recognised on the accrual basis at fair value.

**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.

**PROVISIONS**

Provisions represent liabilities of uncertain timing or amount. Provisions are recognized when the ANS division 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 ANS division as lessor***

Amounts due from lessees under finance leases are recorded as receivables at the amount of the ANS division'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 ANS division'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 ANS division as lessee***

Assets held under finance leases are recognized as assets of the ANS division 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 ANS division 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%

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)****3. ACCOUNTING POLICIES (CONTINUED)**

- Navigation equipment	7%
- Operations IT equipment	7%
- Electrical & Mechanical equipment	7%
- Test equipment and tools	7%
- Power	25%

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 ANS division, 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 ANS division, 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 and ANS division 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.

Financial instruments are regularly reviewed for objective evidence of impairment. Both provisioned and non-provisioned bad debts are written-off when recovery actions have been unsuccessful and when the likelihood of recovery is considered remote.

**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)****3. ACCOUNTING POLICIES (CONTINUED)**

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

**FINANCIAL INSTRUMENTS****CLASSIFICATION**

The ANS division classifies its financial assets in the following categories:

- those measured subsequently at fair value; and
- those measured at amortised cost.

The classification depends on ANS's business model for managing financial assets and the contractual terms of the cash flows.

The ANS division classifies the following financial assets at fair value through profit or loss:

- debt investments that do not qualify for measurement at either amortised cost or fair value through other comprehensive income,
- equity investments that are held for trading, and
- equity investments for which the entity has not elected to recognise fair value gains and losses through other comprehensive income.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the ANS division has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The ANS division classifies its financial assets as at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

The ANS division reclassifies debt investments when and only when its business model for managing those assets changes.

**RECOGNITION AND DERECOGNITION**

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the ANS division commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the ANS division has transferred substantially all the risks and rewards of ownership.

At initial recognition, the ANS division measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit and loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

***Debt instruments***

Subsequent measurement of debt instruments depends on the ANS division's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the ANS division classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.
- **Fair value through other comprehensive income:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through comprehensive income. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.
- **Fair value through profit and loss:** Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit and loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit and loss is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)****3. ACCOUNTING POLICIES (CONTINUED)***Equity instruments*

The ANS division subsequently measures all equity investments at fair value. Where the ANS division's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the ANS division's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit and loss are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at fair value through other comprehensive income are not reported separately from other changes in fair value. The ANS division assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the ANS division applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, See note 11 for further details.

**ACCOUNTING POLICIES APPLIED UNTIL 31 MARCH 2018:**

The ANS division has applied IFRS 9 retrospectively, but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the ANS division's previous accounting policy.

**CLASSIFICATION**

The ANS division 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 ANS division 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 ANS division 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 ANS division 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. See note 11 for more details.

**GOVERNMENT CONTRIBUTIONS**

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

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)****3. ACCOUNTING POLICIES (CONTINUED)****GOVERNMENT GRANTS**

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

A government grant of which the primary condition is that the ANS division 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 ANS division with no future related costs are recognized in surplus or deficit in the period in which the grant becomes receivable.

**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.

Estimates and assumptions concerning the future are made by the ANS division 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 ANS division 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 values, based on their expected sales values at end of useful life.

**LOANS AND RECEIVABLES**

The ANS division 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 ANS division 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 that are expected to have defaults. The impairment loss is recognized in profit or loss when there is objective evidence that it is impaired. See note 11 for more details on Trade Receivable impairments.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

## 5. REVENUE

The following table provides an analysis of the disaggregated disclosure of major service lines and timing of recognition:

	2019	(17 MONTHS) 2018
	NS'000	NS'000
<i>Transferred at a point in time</i>		
En-route Navigation Charges	76 430	42 553
Terminal Charges	38 799	49 064
Aerodrome Charges	9 321	-
<b>TOTAL REVENUE</b>	<b>124 550</b>	<b>91 617</b>

The disaggregation are explained as:

- En-route Navigation Charges are area control, flight information and related services provided to aircraft flying in the airspace of Namibia. These are recognised when the service is provided.
- Terminal Charges are procedural and/ or radar approach control and related services provided for aircraft flying in the Windhoek and Walvis Bay terminal manoeuvring areas. These are recognised when the service is provided.
- Aerodrome Charges are air traffic, aerodrome control and related services provided at aerodromes. These are recognised when the service is provided.

The fees and charges of the ANS division are published by Government Gazette periodically and form the basis of amounts invoiced to customers, based on the services provided.

The ANS division disaggregates revenue from contracts with customers by contract type and considers this to accurately reflect the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors and does not disaggregate information into geographical segments.

The ANS division discloses contracts with customers separately as Trade Receivables, included in note 11, which includes additional information on the uncertainty of revenue and cash flows arising from these contracts. These are seen as unconditional and there are no related contract liabilities.

	2019	(17 MONTHS) 2018
	NS'000	NS'000

## 6. BOARD MEMBER EMOLUMENTS

Salaries and fees	440	787
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## Key management personnel emoluments

Emoluments of executive management (excluding the Executive Director):

Salaries	1 339	1 339
Benefits	948	948
	<b>2 287</b>	<b>2 287</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

	2019	(17 MONTHS) 2018
	N\$'000	N\$'000
<b>7. OPERATING COSTS</b>		
<b>Operating costs comprise:</b>		
Audit fees – current period	(160)	(218)
Bad debts	(24 199)	(82)
Board expenses	(117)	(791)
Commission paid	(1 483)	(1 259)
Consulting fees - ICAO project	(1 232)	(1 631)
- Other	(1 047)	-
Depreciation and amortization	-	(1)
Directors fees	(440)	(787)
Employment costs	(43 820)	(58 110)
Inter-departmental management and other fees	(5 302)	(7 511)
Insurance	(2 487)	(1 020)
Legal fees	-	(32)
Operating lease charges:		
- Properties	(214)	-
- Plant and equipment	(10 007)	(17 818)
- Motor vehicle expenses	(2 641)	(3 201)
Repairs & Maintenance	(1 132)	(4 221)
Travel & Accommodation	(2 033)	(1 910)
Other expenses	(3 876)	(4 629)
	<u>(100 190)</u>	<u>(103 221)</u>

**8. FINANCE INCOME****Financial instruments measured at amortised cost:**

- Bank interest earned	4 987	2 125
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**9. TAXATION**

The ANS division did not earn any taxable income during the financial year nor prior financial reporting period. It is Management's assessment that the ANS division is not subject to income taxation as it is an entity not for gain per the Civil Aviation Act of 2016. A formal request for confirmation as such has been submitted to the Ministry of Finance.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

	NETWORK & COMPUTER EQUIPMENT	VEHICLES AND FURNITURE, FIXTURES AND FITTINGS	TOTAL
	NS'000	NS'000	NS'000
<b>10. PROPERTY, PLANT AND EQUIPMENT</b>			
<b>Cost</b>			
Additions during the period	-	3	3
Balance at 31 March 2018	-	3	3
Additions during the year	7	31	38
Balance at 31 March 2019	7	34	41
<b>Accumulated depreciation</b>			
Depreciation charge for the period	-	(1)	(1)
Balance at 31 March 2018	-	(1)	(1)
Depreciation charge for the year	-	-	-
Balance at 31 March 2019	-	(1)	(1)
<b>Book value</b>			
At 31 March 2018	-	2	2
At 31 March 2019	7	33	40

Assets currently in use are yet to be transferred from the Ministry of Works and Transport to the Authority and ANS under Section 23 of the Civil Aviation Act, 2016. The ANS division, 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. A request to transfer approximately N\$300 million worth of assets resides with the Ministry of Finance for approval and expected to be transferred to the Authority including the ANS division in the next financial year. Further transfers of assets are to occur in future years.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

	2019	(17 MONTHS) 2018
	NS'000	NS'000
<b>11. TRADE AND OTHER RECEIVABLES</b>		
<i>Financial Instruments</i>		
Trade receivables	42 049	17 050
Provision for doubtful debts - specific	(24 209)	(8)
	<u>17 840</u>	<u>17 042</u>
<i>Non-Financial Instruments</i>		
Prepayments - ICAO project	1 275	2 689
Prepayments - other (including Bursary programme)	7 108	1 726
Balance at end of year	<u>26 223</u>	<u>21 457</u>

	COLLECTIVELY ASSESSED	INDIVIDUALLY ASSESSED	TOTAL
	NS'000	NS'000	NS'000
<b>Movement in provision for doubtful debts</b>			
Balance at beginning of year under IAS39	(8)	-	(8)
Transfer from credit impaired	8	-	8
Transfer to credit impaired	(1 876)	(22 333)	(24 209)
Balance at end of year under IFRS 9	<u>(1 876)</u>	<u>(22 333)</u>	<u>(24 209)</u>

The ANS division applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The ANS division has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets. The expected loss rates are based on the payment profiles over a period of 4 months. The historical loss rates are adjusted to reflect current and forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

On that basis, the loss allowance as at 31 March 2019 (on the adoption of IFRS 9) was determined as follows for trade receivables:

Trade debtors - days past due	<30	31 - 60	61 - 90	>90	TOTAL
	NS'000	NS'000	NS'000	NS'000	NS'000
<b>31 March 2019 - IFRS9</b>					
Trade debtors	18 908	10 605	5 869	6 667	42 049
Expected credit loss	32%	55%	96%	99.6%	58%
Estimated impairment carrying value	(6 094)	(5 822)	(5 653)	(6 640)	(24 209)
<b>31 March 2018 - IAS39</b>					
Trade debtors	5 932	2 981	2 054	6 083	17 050
Expected credit loss	0%	0%	0%	0.1%	0.04%
Estimated impairment carrying value	-	-	-	(8)	(8)

The following table explains how significant changes in gross carrying amount of the trade receivables contributed to changes in the loss allowance

	CREDIT NOT IMPAIRED	CREDIT IMPAIRED
	NS'000	NS'000
One ANS customer's account with a gross carrying amount of N\$22,332,957 has gone from recoverable at 31 March 2018 to doubtful, due to significant liquidity concerns arising during the year. All amounts due as at 31 March 2018 were subsequently received.	-	(22 333)

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

	2019 NS'000	(17 MONTHS) 2018 NS'000
<b>12. SHORT-TERM INVESTMENTS</b>		
<b>Current assets</b>		
Funds on call	123 760	53 002
The funds are on deposit with Standard Bank Namibia (credit rating BBB-), with no fixed terms and earn interest at 5.85% p.a., compounded monthly. See note 16.2.		
<b>13. OPERATIONAL LOAN ACCOUNT</b>		
Inter-divisional operational account (receivable)	2 410	6 603
The operational loan account is used for management fees and to fund expense payments as and when necessary. The loan account has no terms of repayment as does not bear interest.		
<b>14. GOVERNMENT CONTRIBUTIONS</b>		
Balance at beginning of year	84 815	-
Contributions in the form of:		
- Expenses paid	44 148	77 587
- Cash	-	7 228
Balance at end of year	128 963	84 815
<b>15. TRADE AND OTHER PAYABLES</b>		
<i>Financial Instruments</i>		
Trade payables	7 898	7 003
<i>Non-Financial Instruments</i>		
Payroll accruals	624	782
Lease smoothing accrual	352	278
	8 874	8 063

The average credit period on purchases is 30 days. ANS does not have any long-term liabilities. It currently has sufficient cash reserves to fund its capital and operating expenditure.

The lease smoothing accrual relates to the smoothing of the rental lease payments on sites and towers rented over their lease periods.

The Directors of the Authority and ANS division consider that the carrying amount of trade payables approximates to their fair value.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

	2019	(17 MONTHS) 2018
	NS'000	NS'000
<b>16. NOTES TO THE STATEMENTS OF CASH FLOWS</b>		
<b>16.1 Cash generated by operations</b>		
Profit/(Loss) before taxation	29 326	(8 479)
Adjusted for:		
Depreciation and amortization	-	1
Movement on provision for doubtful debts	24 201	8
Non-cash Government contributions	44 148	77 587
Finance income	(4 987)	(2 125)
	92 688	66 992
<b>Working capital changes</b>	(23 963)	(20 005)
Increase in trade and other receivables	(28 967)	(21 465)
Increase in trade and other payables	811	8 063
Movement in inter-divisional operational account	4 193	(6 603)
<b>Cash generated by operations</b>	<b>68 725</b>	<b>46 987</b>

**16.2 Cash and cash equivalents**

Cash and cash equivalents included in the statements of cash flows comprise the following statement of financial position amounts:

Short-term investments	123 760	53 002
Bank balances and cash	6 251	3 335
<b>Total cash and cash equivalents</b>	<b>130 011</b>	<b>56 337</b>

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

**17. COMMITMENTS****Operating leases***Plant and equipment*

Due within one year	2 202	7 045
Due one and five years	3 635	18 773
<b>Total</b>	<b>5 837</b>	<b>25 818</b>

Operating lease commitments relate to sites and towers being leased and are negotiated for an average term of five years.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

	2019	(17 MONTHS) 2018
	NS'000	NS'000
<b>18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT</b>		
<b>18.1 Categories of financial instruments</b>		
<i>Financial assets at amortized cost</i>		
<b>Current assets</b>		
Trade and other receivables	42 049	17 050
Short-term investments	123 760	53 002
Bank balance and cash	6 251	3 335
<b>Total</b>	<b>172 060</b>	<b>73 387</b>
<i>Financial liabilities at amortized cost</i>		
<b>Current liabilities</b>		
Trade and other payables	7 898	7 003
<b>Total</b>	<b>7 898</b>	<b>7 003</b>

**Capital risk management**

Currently ANS does not have debt except for normal trade payables.

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

**18.2 Credit risk management**

Credit risk arises from cash and cash equivalents, contractual cash flows of debt investments carried at amortised cost, at fair value through other comprehensive income and at fair value through profit or loss, favourable derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables.

ANS 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. Remedial action in the form of financial assessments and negotiations are taken, based on individual circumstances.

The granting of credit is made on application and is approved by the directors. At period-end ANS 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 instruments - at amortized cost**

Trade and other receivables	42 049	17 050
Short-term investments	123 760	53 002
Bank balances and cash	6 251	3 335
<b>Total</b>	<b>172 060</b>	<b>73 387</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

## 18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

## 18.3 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 ANS will be able to settle its financial liabilities (payables and provisions) in the normal course of business.

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

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

## 18.4 Interest rate management

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

ANS 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. ANS 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\$123,759,833 (2018: N\$53,001,607) are exposed to cash flow interest rate risk, however considering the short-term maturity of these deposits, these risks are minimized.

The ANS division is not exposed to fair value interest rate risk.

## 18.5 Maturity profile

Maturity profiles of financial instruments

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

	1 – 3 MONTHS	3 MONTHS - 1 YEAR	1 – 5 YEARS	TOTAL
	NS'000	NS'000	NS'000	NS'000
<b>2019</b>				
<b>Financial assets</b>				
Trade and other receivables (net)	17 840	-	-	17 840
Short-term investments	123 760	-	-	123 760
Cash and cash equivalents	6 251	-	-	6 251
	<b>147 851</b>	<b>-</b>	<b>-</b>	<b>147 851</b>
<b>Financial liabilities</b>				
Trade and other payables	7 898	-	-	7 898
	<b>7 898</b>	<b>-</b>	<b>-</b>	<b>7 898</b>
<b>2018</b>				
<b>Financial assets</b>				
Trade and other receivables	10 959	6 083	-	17 042
Short-term investments	53 002	-	-	53 002
Cash and cash equivalents	3 335	-	-	3 335
	<b>67 296</b>	<b>6 083</b>	<b>-</b>	<b>73 379</b>
<b>Financial liabilities</b>				
Trade and other payables	7 003	-	-	7 003
	<b>7 003</b>	<b>-</b>	<b>-</b>	<b>7 003</b>

## 18.6 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)

## 19. RELATED PARTIES

Balances and transactions between ANS and its related party, the Government of the Republic of Namibia, through the Ministry of Works & Transport are disclosed below. A related party is a person or an entity that is related to the reporting entity: A person or a close member of that person's family is related to a reporting entity if that person has control, joint control, or significant influence over the entity or is a member of its key management personnel.

	2019	(17 MONTHS) 2018
	NS'000	NS'000
<b>Government of Namibia - as Shareholder</b>		
ICAO project	1 862	6 767
Payroll costs	38 362	50 507
Other expenses	3 924	23 070
<b>Government equity contributions:</b>	<b>44 148</b>	<b>80 344</b>

Entities transacting with the ANS division who are under the influence of the Ministry of Works and Transport:

Air Namibia (Pty) Ltd

- Fees and Charges	35 993	31 635
- Travel expenses	(24)	(19)
- Trade receivables	22 333	11 629

## 20. NUMBER OF EMPLOYEES

The number of employees employed (including Executive Members) by the ANS division as at the end of the period was as follows:

Seconded staff - Government	63	64
Contract employees - ICAO Consultants	1	1
- ICAO Nationals	1	-
- Other	2	2
Permanent employees	-	-
<b>Total</b>	<b>67</b>	<b>67</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

## 21. 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 ANS division's accounting periods beginning on or after 1 April 2019 or later periods but which the Authority has not early adopted, as follows:

NEW/REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS		EFFECTIVE DATE
IAS 1	Amendment to IAS 1, 'Presentation of financial statements' and IAS 8, 'Accounting policies, changes in accounting estimates and errors' on the definition of material.	Annual periods beginning on or after 1 January 2020.
IAS 19	Amendments to IAS 19, 'Employee benefits' on plan amendment, curtailment or settlement.	Annual periods on or after 1 January 2019
IFRS 3	Amendment to IFRS 3, 'Business combinations' Definition of a business	Annual periods on or after 1 January 2020
IFRS 16	IFRS 16 – Leases	Annual periods beginning on or after 1 January 2019 – earlier application permitted if IFRS 15 is also applied.
IFRS 17	IFRS 17, 'Insurance contracts'	Annual periods beginning on or after 1 January 2021
IAS 28	Amendments to IAS 28, 'Investments in associates and joint ventures' – long-term interests in associates and joint ventures.	Annual periods beginning on or after 1 January 2019
	Annual improvements cycle 2015-2017	Annual periods beginning on or after 1 January 2019
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, they do not anticipate the above to have a material effect on the ANS division's financial statements presentation.

### IFRS16 - Leases: Implementation Plan

A lease implementation plan has been developed which will result in Authority adopting the simplified approach under the standard. A project team will review all of the ANS division's leasing arrangements to fully assess the impact of adoption. The adoption of the standard would not result in any restatement of any comparative information, instead the cumulative effect of applying the standard is recognised as an adjustment to the opening balance of retained earnings at the date of initial application.

#### *Understanding the accounting requirements:*

Operating leases will in future result in the creation of lease liabilities on the Statement of Financial Position which will represent the present value of remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of initial application. A right-of use asset will also be created and will equal the lease liability created on adoption and will be amortized over the lease period. Lease assets and liabilities with a term of 12 months or less will not be recognised, but will be expensed on a straight-line basis over the lease term.

#### *Understanding the lease population:*

Leases that the ANS division has that will be impacted are those for air navigation and communication sites and towers and it is not expected that any debt covenants or borrowing capacity will be affected or any decisions as to whether to lease or buy significant assets may change.

#### *Assessing capabilities of existing technology:*

The ANS division has the necessary technology capabilities to store data and perform calculations to ensure a sustainability.

#### *Assessing current state processes and controls:*

The adoption of the standard will require the ANS division to challenge the efficiency and effectiveness of existing processes and controls, particularly those related to ensuring all material leasing activities are accounted for.





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