



Highlights of [GAO-05-542T](#), a testimony before the Subcommittee on Aviation, Committee on Transportation and Infrastructure, House of Representatives

Why GAO Did This Study

In the past, governments worldwide owned, operated, and regulated air navigation services, viewing air traffic control as a governmental function. But as nations faced increasing financial strains, many governments decided to shift the responsibility to an independent air navigation service provider (ANSP) that operates along commercial lines. As of March 2005, 38 nations worldwide had commercialized their air navigation services, fundamentally shifting the operational and financial responsibility for providing these services from the national government to an independent commercial authority.

GAO selected five ANSPs—in Australia, Canada, Germany, New Zealand, and the United Kingdom—to examine characteristics and experiences of commercialized air navigation services. These ANSPs used different ownership structures and varied in terms of their size, amount of air traffic handled, and complexity of their airspace.

This testimony, which is based on ongoing work, addresses the following questions: (1) What are common characteristics of commercialized ANSPs? (2) What do available data show about how the safety, cost, and efficiency of air navigation services have changed since commercialization? (3) What are some initial observations that can be made about the commercialization of air navigation services?

www.gao.gov/cgi-bin/getrpt?GAO-05-542T.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Gerald L. Dillingham, (202) 512-2834, dillinghamg@gao.gov.

AIR TRAFFIC CONTROL

Preliminary Observations on Commercialized Air Navigation Service Providers

What GAO Found

The five commercialized ANSPs that GAO selected for review have a number of common characteristics: Each operates as a business, making and carrying out its own strategic, operational, and financial decisions. Each generates and manages its own revenue to cover its costs, charging fees to users and borrowing funds from private markets instead of relying on annual governmental appropriations. Each has also put commercial financial and performance data systems in place. All five ANSPs have retained safety as their primary goal, and each is subject to some external safety regulation. Each ANSP is largely a monopoly provider of air navigation services and undergoes some form of economic review or follows some guidelines for setting prices.

The ANSPs report that, since commercialization, each has maintained safety, controlled costs, and improved efficiency. Data from all five indicate that safety has not eroded. For example, data from New Zealand and Canada show fewer incidents involving loss of separation (the required distance between an aircraft and another object). All five ANSPs have taken steps, such as consolidating facilities, to control their operating costs. Finally, all five ANSPs have invested in new technologies that the ANSPs say have lowered their costs by increasing controllers' productivity and produced operating efficiencies, such as fewer or shorter delays. Such measures have generally resulted in lower fees for major carriers, but some smaller, formerly subsidized users now pay new or higher fees and are concerned about future costs and service.

GAO's work to date suggests a number of observations about commercialized ANSPs: A contingency fund can help an ANSP cover its costs without greatly increasing user fees during an economic decline; economic regulation by an independent third party can ensure that an ANSP sets prices fairly; providing a forum for stakeholders gives attention to their needs; and special measures may be necessary to reconcile the inability of some users to pay the full costs of services at some small communities and the ANSP's need to recover its costs.

Size and Scope of Five Commercialized ANSPs Reviewed

Country	ANSP name	ANSP ownership	Employees	Movements handled (year)
Australia	Airservices Australia	Government corporation	2,900	2,723,828 (2004)
Canada	NAV CANADA	Private company	5,400	6,000,000 (2003)
Germany	Deutsche Flugsicherung GmbH	Government corporation	5,400	2,720,000 (2004)
New Zealand	Airways Corporation of New Zealand, Ltd.	Government corporation	680	1,004,161 (2004)
United Kingdom	National Air Traffic System, Ltd.	Public-private partnership	3,758	2,000,000 (2004)

Source: GAO presentation of data from ANSPs.