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Highlights

Highlights of [GAO-05-769](#), a report to congressional requesters

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 as a business. 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 develop, as requested, a descriptive analysis of commercialized ANSPs that illustrated similarities and differences in ownership, length of experience with commercialization, and size and scope of operations.

This report addresses the following questions: (1) What are common characteristics of commercialized ANSPs in selected foreign countries? (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 key lessons learned about the commercialization of air navigation services?

www.gao.gov/cgi-bin/getrpt?GAO-05-769

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

Characteristics and Performance of Selected International Air Navigation Service Providers and Lessons Learned from Their Commercialization

What GAO Found

The five commercialized ANSPs that GAO selected have a number of common characteristics: All five have the safe movement of aircraft as their primary goal and are subject to some external safety regulation. All five operate as businesses, making and carrying out their own strategic, operational, and financial decisions. As businesses, all five are self-financing, assessing fees on users of air navigation services (e.g., major commercial air carriers; regional air carriers; and, in some cases, general aviation operators) and, as necessary, borrowing funds from capital markets. Finally, all five are largely monopoly providers of air navigation services and undergo some form of constraint in setting prices, such as economic review or procedural guidelines.

Available data from the five ANSPs indicate that since commercialization, the safety of air navigation services has remained the same or improved; each ANSP has taken steps to control costs; and each ANSP has reportedly lowered costs and improved efficiency through investments in new technologies and equipment. Despite concerns about the possibility that commercialization could potentially compromise safety, 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 aircraft). All five ANSPs have taken steps to control their operating costs, whether by eliminating some administrative positions or by consolidating facilities. All five ANSPs have also invested in new technologies and equipment, which the ANSPs say have lowered their costs by increasing controllers' productivity and produced operating efficiencies, such as fewer or shorter delays. However, the ANSPs have also increased fees for general aviation operators.

GAO's research points to a number of lessons. For example, commercialized ANSPs must be prepared to mitigate the effects of an industry downturn, whether through reserves, higher fees, cost-cutting, or other measures. Involving stakeholders in modernizing (i.e., upgrading or replacing) ANSP facilities and equipment can benefit both the ANSP and the stakeholders. Special measures may be needed to protect service to small or remote communities. Finally, when a government sells an ANSP's assets, appropriate valuation is necessary to protect taxpayers' interests.

Montreal Tower Control



Source: NAV CANADA.