
Open Skies and Air Traffic Management

Presentation to AirNeth Workshop by Glen McDougall,
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The Hague
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The Problem:

- Open Skies to increase passenger traffic by 26 million trans-Atlantic in five years
 - Safety paramount for ATM means variable is delays and traffic restrictions
 - Significant delays already in US and Europe
 - Example of Canadian domestic airline deregulation in late 1980's
 - ATM could become weakest link in aviation value chain
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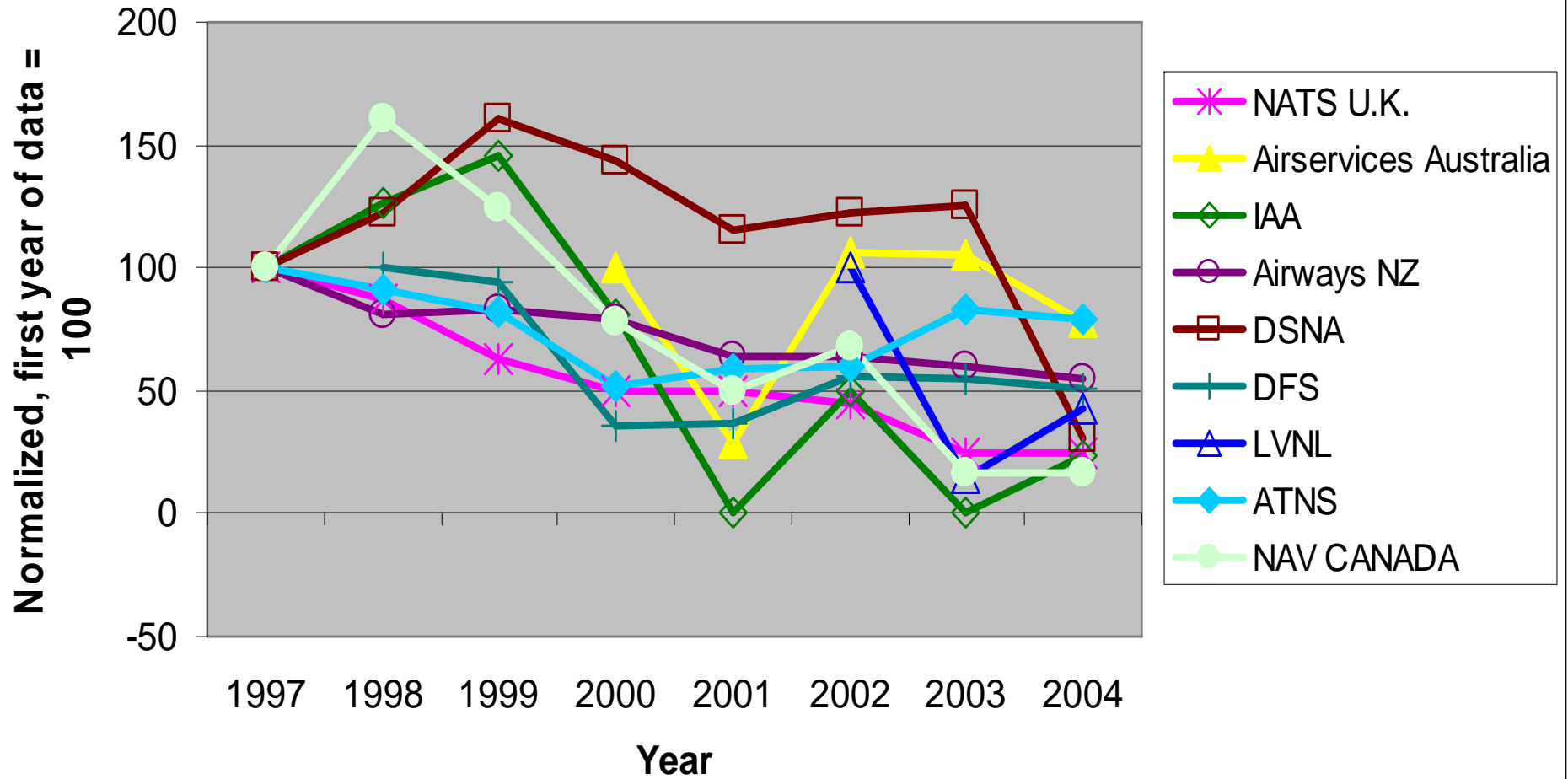
The Coming Technological Revolution

- Future ATM will use satellite positioning and timing to greatly increase safety and capacity
 - Commercial aircraft fleet modest in size, computers can forecast position of every aircraft at any point in time
 - Self-separation possible – examples from nature
 - Airspace ‘box’ around every aircraft, situational awareness between aircraft, programs for collision avoidance, and procedures for handling emergencies
 - SESAR and NextGen at least a decade away
 - Open Skies cannot wait – ATM performance must improve now
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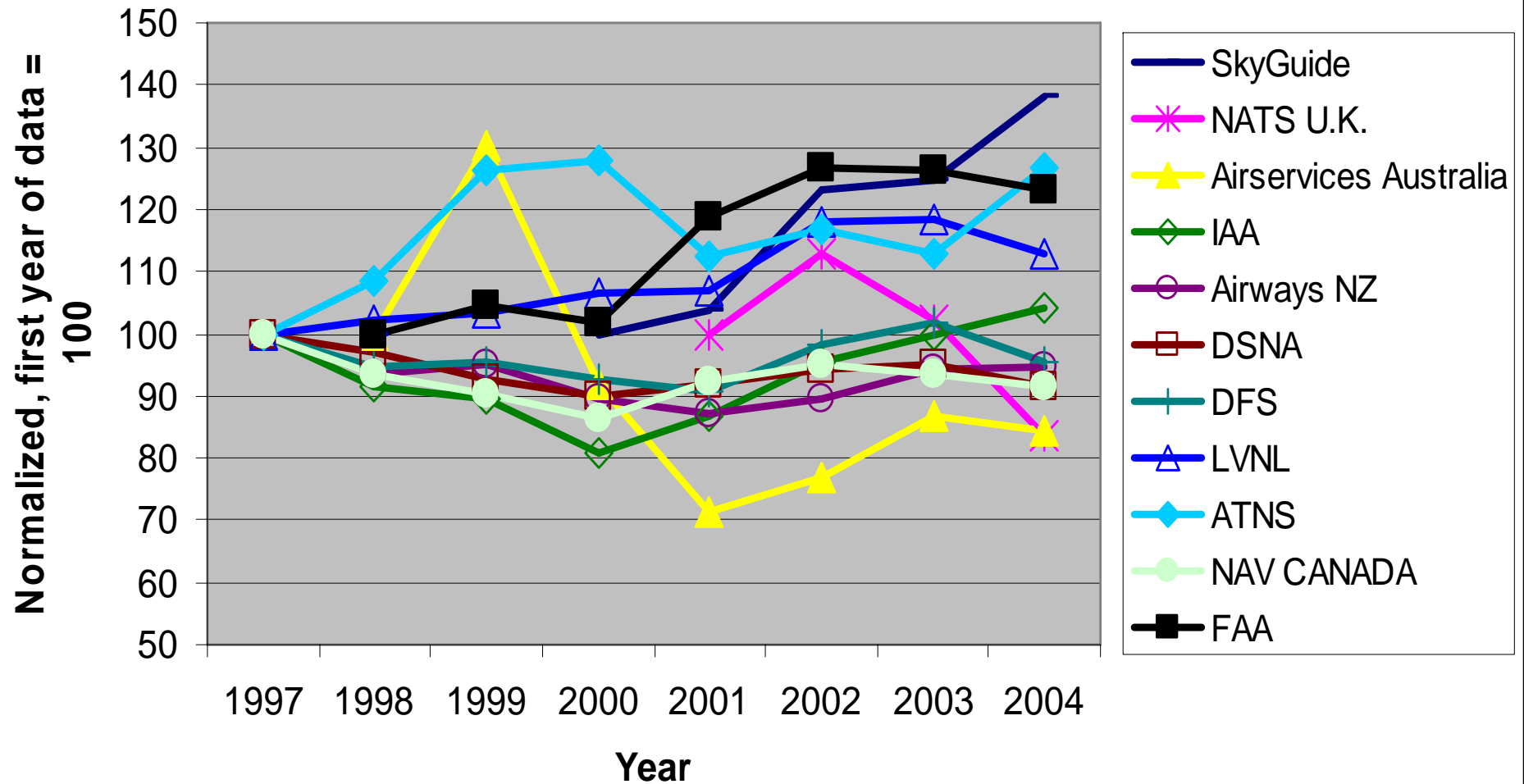
A Blueprint for ATM reform

- Many countries have commercialized their ANSPs
 - Commercialised governance structures have greatly improved performance in safety, cost, technology and service quality
 - No adverse effects except through poor design or implementation
 - Evidence from benchmark international study by MBS Ottawa & three universities
 - Performance of ten liberalized ANSPs to varying degrees compared to FAA
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Serious Safety Incidents per IFR Movement ATM-related



Total Annual ANSP Costs by IFR movements (2004 Constant National Currency)



Findings: Service Quality

- Major difference in customer responsiveness resulting in timely improvements to flight efficiency and environmental savings
 - Customers strongly supportive of benefits of commercialization on service quality
 - “Frustration” over slow progress at FAA
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“A government department would never have had the money, drive or customer focus to implement new systems so quickly”

MOT New Zealand

Application to USA

- Many Commissions calling for reform since 1986
 - Attempt at government corporation in 1990's
 - Current attempt at user fees
 - Congressional objections
 - Lobbying by vested interest groups
 - No coordinated pressure from aviation community – some silent, some prefer status quo, some strongly opposed to change
 - Many FAA managers see need for reform
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Application in Europe

- Many providers
 - Not a level playing field – patchwork of public service and corporate status
 - Single European Sky meant to address fragmentation
 - Progress slow, states not committed
 - Review by Eurocontrol on progress of SES, Experts Day, customers frustrated by lack of urgency
 - High Level Group recommends SES define governance structure for ATM
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High Level Group on SES

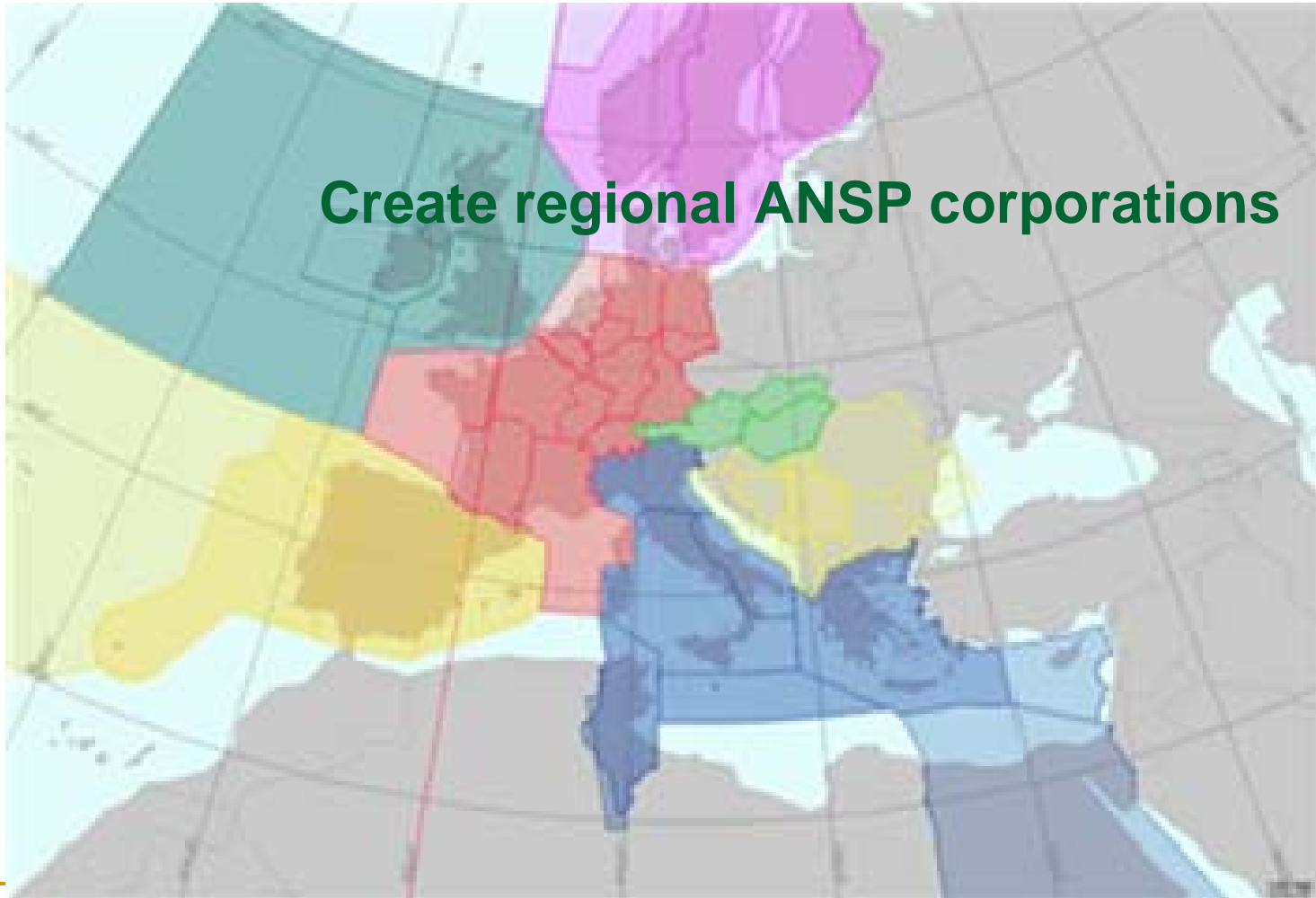
- Provide a framework to reduce fragmentation and stimulate the consolidation of ANSPs
 - Empower management to allow ANSPs to be run as 'normal businesses' while protecting the interests of airspace users and professional staff
 - Define the governance structure for ATM in Europe to promote effective and timely deployment of SESAR
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What can governments do?

UNFETTER THE ANSPs



What can governments do?



Advantages

- Provides level playing field in Europe by all ANSPs having same business drivers
 - Addresses fragmentation problem by allowing each regional corporation to develop business cases for consolidation
 - Facilitates inter-ANSP agreements to harmonize and cooperate
 - Provides single point of accountability for performance in each region
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Consider the Not-for-Profit model

- Example of NAV CANADA, a high performer
 - Transfer of all government employees and assets to new corporation
 - Governance structure designed with built-in drivers for efficiency – stakeholder appointed board
 - Light-handed economic regulation sufficient
 - Fits union concerns with MOSAIC – no profit, no competition (legislated franchise)
 - Preferred by UK Parliament (trust model)
 - Can be applied to regional corporations
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“The governance model is what makes NAV CANADA work so well for the aviation community.”

Stakeholders

Conclusion - 1

- Commercialized ANSPs improve safety & capacity and reduce environmental emissions
 - Evidence shows best models have independent governance, strong customer involvement and effective safety oversight
 - Best have sensitivity to customer needs, agility in reaching a decision and freedom to deliver
 - Therefore states need to liberalize their ANSPs to maintain or improve safety while meeting traffic increases from Open Skies
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Conclusion - 2

- ANSPs need to be able to make business cases for consolidation if warranted
 - Politicians need to be distanced from these business decisions
 - Not-for-profit model as regional corporation deserves consideration to give this independence
 - Finding a pragmatic compromise now means economic benefits sooner
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“We cannot delay this transition simply because it is difficult. The needs of the system must transcend individual parochial concerns.”

Airline Cargo Assoc 2004 (USA)

Contacts

- MBS Ottawa Study on ATC Commercialization available at www.canso.org under 'publications'
 - McGill Study on legal descriptions also at www.canso.org
 - Article by McDougall & Roberts "Commercializing Air Traffic Control: Have the Reforms Worked?" Journal of Canadian Public Administration vol. 51, no. 1 (2008)
 - Article by Button & McDougall "Institutional & structure changes in air navigation service-providing organizations" Journal of Air Transport Management 12 (2006) 236-252
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