

Civil Air Navigation Services Organisation



Global Developments at ANSPs

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Presentation Content

- General Issues at ANSPs
- Airservices Australia
- ATNS South Africa
- NATS – United Kingdom
- Alliances

Developments in Air Transport

1978 – USA liberalises airline market

1980's – Europe liberalises airline market

1980's – Privatisation of Airlines

1990's - Privatisation of Airports

▼ Today – 'Commercialise' Air Navigation Services

General Issues at ANSPs

- Operate outside direct Government control
- Service Provider separated from Regulation
- Financial autonomy, commercial freedom
- Change Process: culture, staff, methodology

Corporatisation means

- Separation of Regulation and ANS provision
- The State sets Air Navigation 'Rules'
- A commercial company provides ANS
- Public or Private – for Profit or Not-for-Profit
- ANS Provider - Independent Decision Maker

General Issues at ANSPs

- Transformation Public to Autonomous body
- New approach to business practices
- Establish relationship with all players
- Joint approach = Full Stakeholder support for proposed changes

General Issues at ANSPs

- Current ATM system has organisational flaws
- ATM = Patchwork of many national systems
- The future requires a more 'global' approach
- Regional ANSPs commence closer cooperation

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Airservices Australia

- Created 1995: separation ANSP & Regulator
- Government authority
- Provides ANS, rescue & fire fighting services
- The FIR serves 11% of world airspace

Airservices Australia Achievements

- Technological breakthrough with TAAATS
- Automated and integrated ATC system
- Increase service delivery, raise safety, low cost
- Reduced number of ACC's from 5 to 2

Airservices Australia

Before



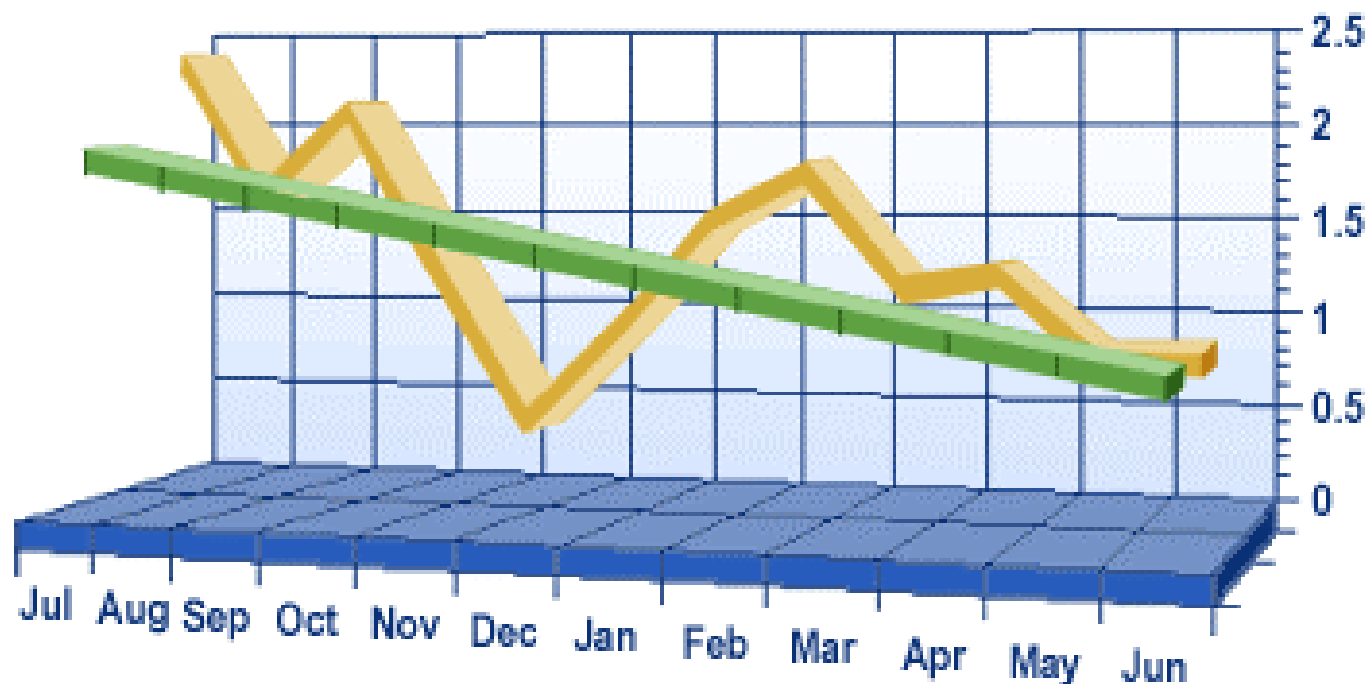
After



Consolidation by Airservices Australia

Results of ANS Corporatisation

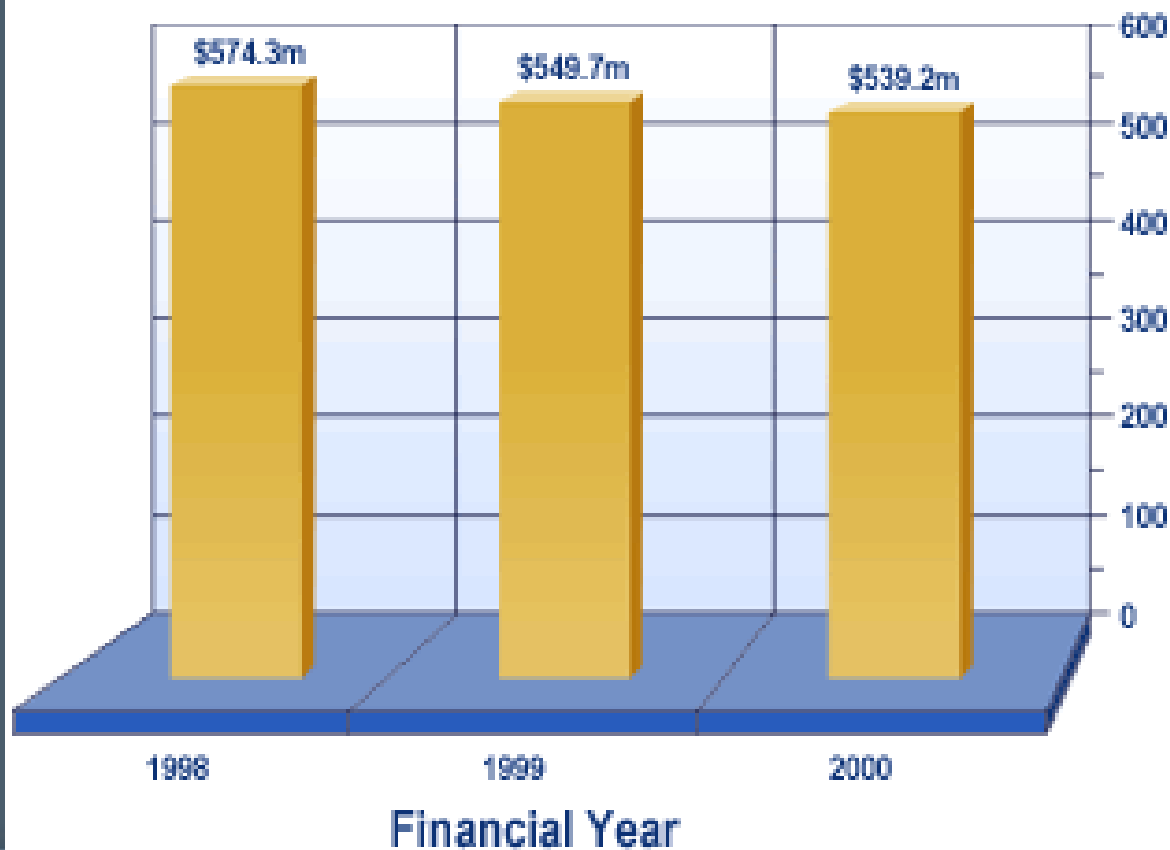
Total TMA/TWR Critical Incidents
per 100,000 movements



Safety Improved

Results of ANS Corporatisation

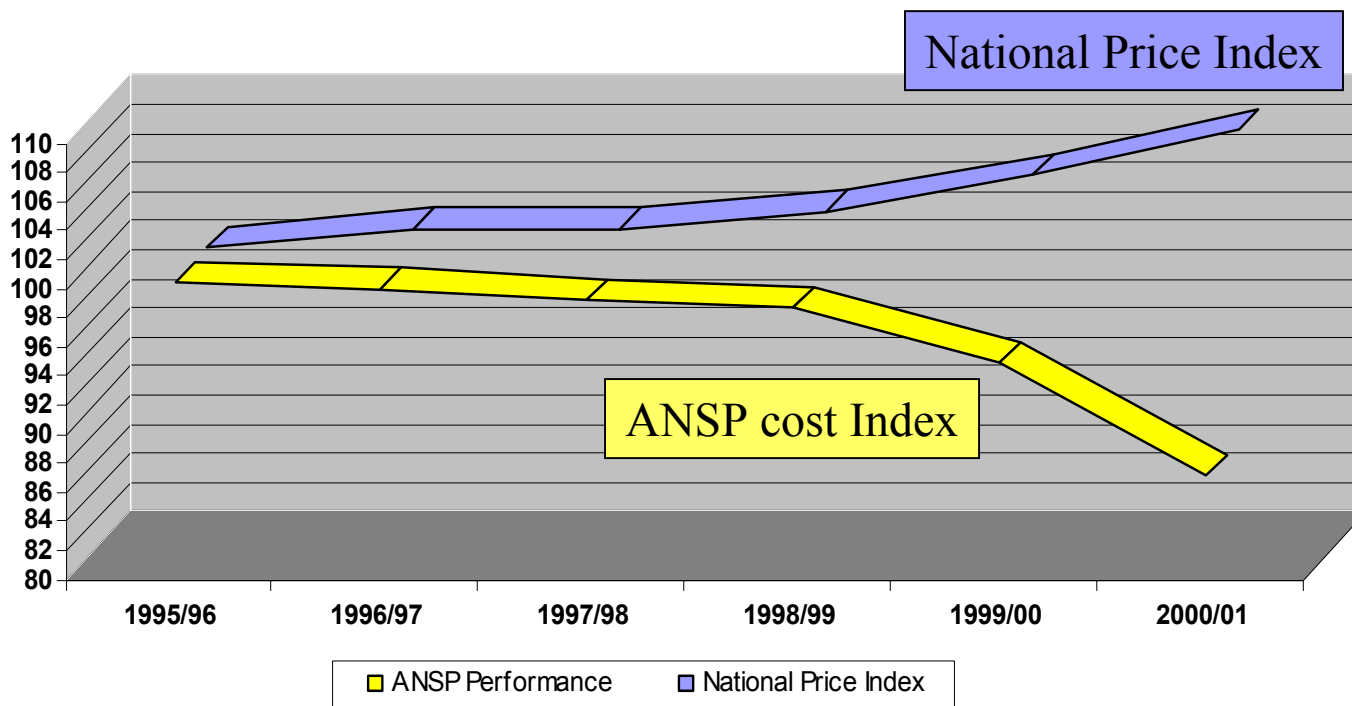
Operating expenses - three year summary



Costs are down

Results of ANS Corporatisation

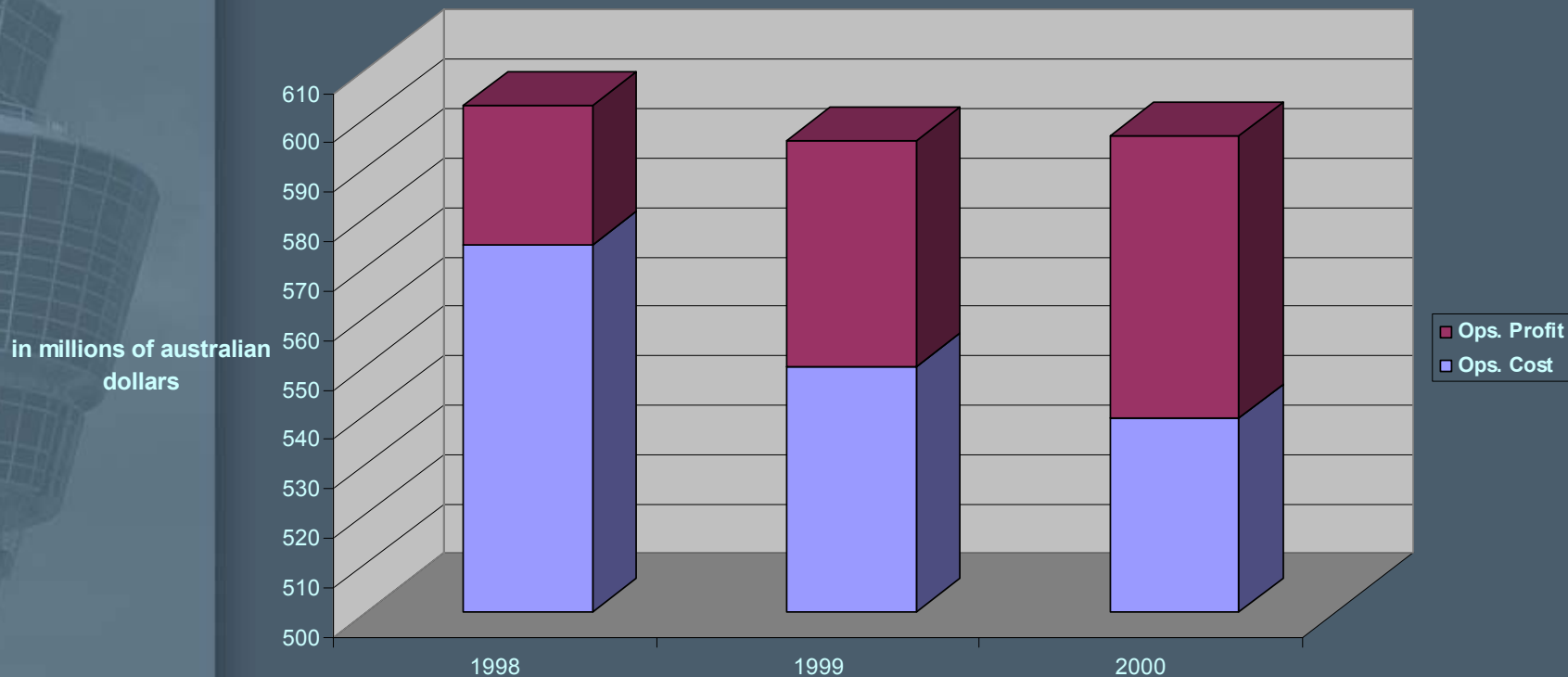
Changes in National Price Index versus ANSP Weighted
Average Price Index (1995/96 = 100)
(Note - 2001 subject to Auditor certification)



ATC Charges are down

Results of ANS Corporatisation

Operating Cost + Operating Profit



Profits are up, while Revenues are down

Airservices Australia

- Corporatisation has had positive impact
- Many initially resisted, but support afterwards
- Investment in people and technology
- Close interface with Australian Defence
- 1999 Winner 'IATA Eagle Award'

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ATNS South Africa

- Early 90's Govt. recognised need for change
- Funding was major driving force
- Salaries were civil service, not market related
- Separate ANS Provision & Regulation

Options considered for ATNS

- Public utility funded & managed by Govt.
- State corporation, self-funding, managed according the national companies act
- Full privatisation, self-funding, managed according to companies act

Corporatisation chosen for ATNS

- State owns Air Traffic & Navigation Services
- Rights & Responsibilities transferred from DoT
- 1996: ATNS first year without Govt. Finance
- Separate Economic & Safety regulator

ATNS recent achievements

- Close cooperation with South African Military
Result: Flex Use Airspace & improved design
- Major investment in new technology, also GA
- Rapidly growing income from the Academy
- Strong focus on 'value added' service

ATNS current plans

- Close regional cooperation with SADC states to create Single Sky in Southern Africa
- Redesign ATNS operations from 5 to 2 ACCs
- Fast growing 3rd party training at Academy
- Strong focus on 'value added' service

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NATS Corporate Structure

- Was owned by UK Civil Aviation Authority
- Today NATS = Public Private Partnership
- 46% sold to 7 UK airlines: US\$1240 Million
- NATS staff hold 5% of the company shares
- UK Govt. Holds 49%, plus a golden share

Reasons for PPP

- Maintain Safety & Security standards
- Separate ANS provision & Regulation
- Inject private sector money, improve mgt skills
- Greater freedom to invest, improve services
- Safeguard the interest of taxpayers

Reasons for PPP

- In 1997, the UK Govt. estimated NATS needed US\$1550 Mill. in investments over 10 years
- Insufficient revenues foreseen
- Competition with other public sector investment
- Govt. concern over efficiency of investment

Selection of Strategic Partner

- Seven bidders submitted their interest
- Four bidders dropped out before end of race
- UK Govt. selected 2 top bidders, third reserve
- (1) Nimbus with SERCO, (2) Airline Group
- Both bidders had clear link with ATM business

Objectives of PPP

- Joint military/civil management of airspace
- Operational control passes to private sector
- Three Government Directors on the Board
- Government has ultimate powers to intervene
- NATS under strict economic regulation

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Alliances – General Info

FOR:

- Globalisation ATM
- Global technology
- Global customer base
- Seamless Service

AGAINST:

- National interests
- Government focus
- No customer relation
- No ATM Market force

Alliances: Changing Market Forces

- En-route services must be a monopoly
- Not the case for:
 - Airports: ATC competition already exists
 - Generic services: communications, weather
 - Satellite based services
- Market is opening up in these areas

Alliances: Competition

- Competition for licences and franchises
- License holders will co-operate for efficiency
- This will lead to Alliances: NATS and Irish IAA
- In Europe the first steps are being set
- With Single European Sky process will increase

Alliances: ANSP & Industry

- Close cooperation between ANSP & suppliers
- Alliances to enable joint bids:
 - US Oceanic airspace
 - Bidding for NATS: Lockheed Martin & Airways NZ
- Future: Airlines, ANSPs, Suppliers, Banks, etc.

Conclusions Global Trends

- Commercialisation & greater independence
- Globalisation of ATM market
- ATM market developing with several large players
- Alliances, mergers & take-overs will happen
- The national providers will slowly disappear

Conclusions

- **ATM industry changing**
- **National -> Global**
- **Need to accept change**
- **Invest today in tomorrow's solutions**



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