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.