



# SHOULD THE U.S. PRIVATIZE AIR TRAFFIC CONTROL?

News / Airlines



**The early air traffic control network in the U.S. was a patchwork with no central authority, a situation that lasted until a spate of midair collisions led to the birth of the Federal Aviation Agency in 1958. Six decades later some big U.S. airlines - with one notable exception - want the feds out of the air traffic game, seeking to follow other nations and transfer airspace management to a private, not-for-profit group.**

"Our system could be so much better and should be so much better," Nicholas Calio, president and chief executive officer of Airlines for America, a trade group, said in a recent interview. He alleged there has been "a consistent record of failure" by the Federal Aviation Administration (the name was changed in 1967) to manage major technology projects associated with NextGen, the long-delayed revamp of U.S. air traffic control. Those delays -- coupled with heavy technology spending by airlines on equipment they complain they often can't use -- have been aggravated by inconsistent FAA funding. "We have stuff that's been going on for 17 years, and it still isn't working," Calio said.

These long-running issues have pushed airlines and House Transportation Chairman Bill Shuster (R-Pa.) to back legislation that would kick the FAA out of air traffic control. In its place would be a new organization modeled after Nav Canada, an Ottawa-based nonprofit cooperative that has overseen air traffic there since 1996. The FAA would retain oversight of airline safety much like Transport Canada, its governmental counterpart north of the border. The new U.S. air traffic group would be funded by fees charged to travelers. Legislation reauthorizing the FAA has become a perennial source of political wrangling and budgetary brinkmanship in Congress, which extended funding nearly two dozen times in the last authorization fight. The FAA's current funding legislation

expires on Sept. 30.

For passengers, the paramount question is obvious: Would a private system be any less safe? A look at the five countries where private groups handle air traffic shows there need not be any safety risks, and no one would agree to a new system that isn't at least as safe as the one the FAA oversees. But that still leaves a number of open questions as U.S. airlines, pilots, regulators, unions, and travelers watch Congress take up a sweeping overhaul of air traffic control.

### **Would A Private Alternative Save Money over the Current FAA-Run System?**

That's one source of contention in the debate. The current FAA-run system costs US\$2.07 per mile, 8 cents cheaper than Nav Canada charges, according to a recent study by Bob Mann, an industry consultant and former American Airlines executive. Currency fluctuations can affect the comparison, and Nav Canada also faces the persistent squabble about how to set its fees for different parts of its customer base.

Would user fees cover air traffic costs at times when travel goes into a steep decline? Would taxpayers need to step in to cover shortfalls? Possibly. Sorting out the initial financial base for a new ATC agency would be tricky, especially given the difficulties in setting user fees and forecasting for economically lean periods. Adding to the complexity is the fierce fight between commercial airlines and private jet operators about funding the current system, with the carriers arguing for many years that the corporate jet users aren't paying their fair share.

### **Is the U.S. Just Too Big, with Too Many Planes, to Effectively Privatize Control of Its Airspace?**

There were 9.6 million airline departures from the U.S. in 2014, almost three times the number in second-place China, according to recent data from the World Bank. Canada and its private air traffic system ranked third with 1.3 million departures. Is the U.S. just too big? This is another issue on which reasonable people differ. In its response (PDF) to a Department of Transportation Inspector General report on different models, the FAA noted earlier this month that it "controls 60 percent more [instrument] flights than all 40" of the European airspace control centers combined. But officials on the other side of the argument say that every airspace is identical, save for volume, and that systems like the one in Canada can scale without problems.

### **Would An Independent Air Traffic Cooperative Be Able to Manage the Enormous Complexity of U.S. Air Travel?**

The answer is either yes or no, depending on whom you ask.

Mann and others, including a spokeswoman for JetBlue Airways, contend that the privatization debate needs much greater clarity than it has gotten so far. "Too little is known and specified. Just trust us seems to be the mantra," Mann said in an e-mail. "Would they still employ the same vendors who routinely deliver less and later 'benefits' than contractually specified?"

A key player in air traffic -- pilots -- have an open mind about the proposal but have devised an "absolutely essential" four-part test for any reform legislation, said Tim Canoll, president of the Air Line Pilots Association, the largest pilots' union in the U.S. and Canada. To gain pilots' support, Canoll said, any new system must be as safe as the FAA's, structured as a not-for-profit financed by "fair and equitable" fees across all airspace users, and offer collective bargaining rights to employees. "The devil's in the details, and we haven't seen the details," said Canoll, who also works as a Delta MD-88 captain.

The National Air Traffic Controllers Association, which represents 20,000 U.S. air traffic controllers and related employees, is agitating for more stable FAA funding, as union President Paul Rinaldi made clear in May (PDF) while testifying before a Senate committee. The union hasn't rejected a switch to the Canadian model but questions whether it could be scaled to handle an airspace that dwarfs Canada's.

### **So Who Definitely Doesn't Want to Privatize?**

One big airline stands alone against the calls for privatization. Delta argues that a transition would be too disruptive to all the previous work done to implement NextGen and that the FAA is capable of doing the job. "We don't think the system's broken," said Steve Dickson, Delta's senior vice president for flight operations and an Airbus A320 captain. That position pits Delta against two larger rivals, American and United, whose CEOs have both testified in Congress to support privatization.

The National Business Aviation Association, which represents corporate business jet operators, has opposed the privatization idea for years, arguing that its members see higher costs and reduced access to fly when they want. The big U.S. airlines have long argued that they pay an unfair portion of ATC expenses compared with the private jet community. Dan Hubbard, a spokesman for the NBAA, said his group has examined privatized systems elsewhere and found that generally "the airlines are given preference" over private aviation.

New Zealand was the first country to end a government role in air traffic control, in the late 1980s, followed by Germany, Australia, and the United Kingdom. France migrated ATC to a government agency funded by user fees a decade ago; that agency retained safety oversight. Germany established a government-run corporation. The UK uses a unique public-private partnership for NATS, which oversees air traffic control. U.S. airlines say the Canadian model has worked best.

"ATC is a natural monopoly. It has very clear and identifiable customers," Nav Canada's president and CEO, John Crichton, said in an interview. "So the optimum solution is really something that is something in the form of a customer cooperative." Nav Canada is managed so it will break even each year, he said. The system handles 50 percent more traffic volume than it did before 1996, with 25 percent fewer employees, he said. As a private enterprise, Nav Canada has also developed and sold air traffic control technologies to ATC providers around the world.

"Governments are not good at running big IT projects," Crichton said. As aviation interests wrangle over whether to replace the FAA in managing U.S. airspace, one other question looms large over the debate: Would a private enterprise perform any better?

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