

New report outlines how civil aviation could navigate post-pandemic funding

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COVID-19 has highlighted gaps in funding for critical air navigation service providers, according to a new report. Credit: Moto Club4AG/Wikimedia Commons

The global pandemic has exposed some structural flaws in the funding models for air navigation service providers (ANSP), a critical component in the safety of the civil aviation industry, according to a new international study involving Western professor Geraint Harvey.

COVID-19 has had huge, negative financial impact on airlines but also on ANSPs, said Harvey, who co-authored the report, "Navigating the COVID-19 Crisis: Air Traffic Charging Models and Financing of Air Navigation Service Providers." Harvey was part of an international research that included professor Peter Turnbull of the University of Bristol, and Huw Thomas at University College Dublin. The team spent the past two years researching the impact of COVID-19 on ANSPs, organizations that provide [air traffic control](#) for the global civil aviation industry.

"We began by looking at the business model, in particular the funding models of air [navigation](#) service providers. This study spanned 17 countries around the world, including the U.K., the U.S. and Canada," said Harvey, Dancap Private Equity Chair in Human Organization. "We've considered how the crisis has impacted the funding of this public good."

For ANSPs that are now funded from "user chargers" levied on airlines, revenues dried up while costs accumulated and key investments in new technology were put on hold, the study found.

Due to the drastic decline in [passenger traffic](#) caused by the global pandemic, airlines were forced to park aircraft and lay off staff. Despite the reduction in [commercial aviation](#), however, many other planes continued to fly for military, emergency and repatriation flights, domestic travel, general cargo and medical supplies. And ANSPs continued to operate and kept the skies open for these aircraft.

"It's incredibly important to commercial navigation, it's important to safety. Irrespective of how many aircraft fly, you still need to coordinate the skies to ensure safe travel," Harvey said.

"The impact of the crisis on civil aviation has been catastrophic. It has

led to a reduction in passenger numbers around 70%. It has had a huge, negative financial impact on airlines and a huge financial impact on air navigation services providers, especially those that rely on the airline user-pays model. The cost worldwide is in the region of \$13 billion U.S. dollars for 2020."

There have long been concerns about the commercialization of ANSPs and the user-pays system that funds ongoing operations, future investment in equipment, and the training of staff. The report demonstrated that the COVID-19 pandemic exposed structural flaws in the commercialized provision of air navigation services.

"I think what the pandemic has done is shown us just how problematic some of the business models have been, particularly the commercialized [business models](#) for air navigation services provision, which are, under usual circumstances, effective." Harvey said. "These organizations have managed to achieve [cost savings](#) and efficiencies, but of course when we have a downturn in demand and airlines aren't flying, there's a problem in terms of where that financing comes from."

The report's authors argued ANSPs that provide a public good should receive funding from the government to provide essential levels of services and staffing. Beyond this minimum level of service and staffing, the report suggested, users can be charged directly for air navigation services.

"What is important about what we've done is to highlight the importance of a threshold funding model—a government funding model—which can then be supported by commercial payments made by customers—that would be [airlines](#)—on top of the baseline threshold funding from government," said Harvey.

Policy-makers must then determine who the "users" are and how they

pay for "what is ultimately an invaluable but invisible service," the report said.

More information: Navigating the COVID-19 Crisis: Air Traffic Charging Models and Financing of Air Navigation Service Providers.

www.bristol.ac.uk/media-library/document/documents/2022

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