

# PACTS

## PARLIAMENTARY ADVISORY COUNCIL FOR TRANSPORT SAFETY

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### Information Digest on the Safety Implications from Partial Privatisation (PPP) of NATS (National Air Traffic Services)

#### *PACTS Research Briefing (RB2/00), April 2000*

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On Tuesday 11th April 2000 Air Traffic Controllers are to lobby Parliament in protest against government plans for the Public-Private Partnership (PPP) of National Air Traffic Services (NATS). This Research Briefing has been produced in the light of increased uncertainty within the industry, and amongst parliamentarians, to provide a digest of information relating to the safety implications of PPP of NATS.

#### ***Brief History of PPP of NATS***

Privatisation of NATS was first proposed under the Conservative Government in 1995, with the idea of a Public-Private Partnership put forward by the Labour Government in June 1998<sup>1</sup>. John Prescott confirmed the Government's proposals for PPP on 27th July 1999, and were incorporated within their Transport Bill introduced to the House of Commons on 1st December 1999. The Bill then underwent its Second Reading on 20th December 1999 and entered Standing Committee stage on 18th January 2000. The Bill is due to undergo its Third Reading in Early May<sup>2</sup>.

#### ***The House of Commons Transport Select Committee's views on PPP of NATS***

The issue of PPP of NATS has been considered most recently by the House of Commons' Transport Select Committee on Environment, Transport and Regional Affairs. Chaired by Gwyneth Dunwoody MP, the all-party committee considered oral evidence from a range of witnesses on December 1st and December 8th 1999. These comprised representatives from:

- i. BRITISH AIRLINES PILOTS ASSOCIATION (BALPA);
- ii. GUILD OF AIR PILOTS AND AIR NAVIGATORS (GAPAN);
- iii. UNION AND INSTITUTE OF PROFESSIONALS, MANAGERS AND SPECIALISTS (IPMS);
- iv. PUBLIC AND COMMERCIAL SERVICES (PCS);
- v. NATIONAL AIR TRAFFIC SERVICES;
- vi. CIVIL AVIATION AUTHORITY (CAA); and
- vii. The DEPARTMENT OF THE ENVIRONMENT, TRANSPORT AND THE REGIONS (including Lord Macdonald of Tradeston).

On 17th February 2000 the Select Committee published their Report on NATS and PPP. In this they stated that: "The Government has failed ... to make a positive case for the public-private partnership for NATS. It has also failed to give adequate reasons for rejecting the options of establishing the company as an independent publicly-owned corporation, or as a trust or non share-capital corporation."

Highlighting erosion of safety standards as a major concern, the report went on to state how the committee believed:

"The current proposal for a public-private partnership of NATS is, in our view, the worst of all the possible options for the future structure of the company. It would lead to operational control of NATS, other than in extreme situations, being ceded to a private investor which is very likely to cut costs, jeopardising safety. It

would also give rise to other concerns about ... the future provision of non-commercial services which are vital to safety.

"The trust model, as adopted by NavCanada, would meet the main objectives of the public-private partnership, freeing NATS to borrow on the private market, and separating the company more clearly from its regulator, the CAA. Despite the Government's contrary view, we believe that NATS would face strong demands to become more efficient, because its customers, the airlines, would be involved in its management. However, there would be no over-riding commercial pressure to maximise profits, thus jeopardising safety standards. Moreover the Government would receive significant revenue from the sale of the whole of the company. In short, since customers, staff, and the Government would all be involved in the provision of air traffic services, the trust model answers concerns about rising charges, lower safety standards, national security considerations, and the future international development of air navigation services. We therefore strongly recommend that the Government should establish a trust, or non-share-capital corporation, as the owner of National Air Traffic Services Limited."

### ***Opinion in Parliament***

A recent poll<sup>3</sup> on behalf of the Air Traffic Controller's Union IPMS<sup>4</sup>. Results found that a majority of MPs (55%)<sup>5</sup> are against the Transport Bill's proposal, with safety cited as the main reason for opposition (by 60%). It should be noted that this poll, published on 29th March, was though carried out *before* the Select Committee's recommendations were published.

### ***Opinion of Air Traffic Controllers***

Air Traffic Controllers oppose the plan for a Public-Private Partnership for a number of reasons, including the fact that they believe it would: (i) threaten NATS' highly successful safety culture; and (ii) endanger non-revenue earning safety services.

Paul Noon, General Secretary of the controller's union IPMS, has called on Ministers to drop the NATS clause from the Transport Bill before it reaches its Third Reading.

### ***The Wider Context: Safety vs. Capacity***

In recent years there has been a huge growth in air traffic over the skies of Britain, linked in particular to the introduction of new low-cost airlines. The growth in traffic, increasing at a rate of 7% per annum in 1998, has been predominant in the South East of England where there has been a 40% increase since 1995. Concerns over the issue of future safety vs. capacity were raised at the most recent meeting of PACTS' Aviation Safety Working Party<sup>6</sup>. This growth is projected to continue, and therefore even greater effort will be needed to maintain and improve standards.

### ***Useful Links and Sources of Information***

**Please Note:** *The presence of a link / source of information should not be taken to mean that PACTS necessarily endorses or condones the views and opinions of the organisations concerned.*

[British Air Line Pilots Association \(BALPA\) Website](http://www.balpa.org) ([www.balpa.org](http://www.balpa.org))

[Department of the Environment, Transport and the Regions](#) (1998) Consultation Paper on a Public-Private Partnership for National Air Traffic Services Limited (NATS) ([www.detr.gov.uk](http://www.detr.gov.uk))

[Department of the Environment, Transport and the Regions](#) (1999) A Public Private Partnership for National Air Traffic Services Ltd (NATS): A report on the response to the public consultation ([www.detr.gov.uk](http://www.detr.gov.uk))

[Guild of Air Traffic Controllers \(GATCO\) Website](http://www.gatco.org) ([www.gatco.org](http://www.gatco.org))

House of Commons Environment, Transport and the Regions Select Committee. [Report and Proceedings:](#) 17th February 2000. The Proposed Public-Private Partnership for National Air Traffic Services Limited ([www.parliament.uk](http://www.parliament.uk))

[Institution of Professionals, Managers and Specialists \(IPMS\) Website](http://www.ipms.org.uk) The main Air Traffic Controller's Union ([www.ipms.org.uk](http://www.ipms.org.uk))

[Not For Profit Website](#): Keep Our Skies Safe E-mail Campaign ([www.safeskies.co.uk](http://www.safeskies.co.uk)) [IPMS; PCS and BALPA]

Parliamentary Advisory Council for Transport Safety (PACTS) [Parliamentary Briefing: Aviation Safety](#). December 1999 ([www.pacts.org.uk](http://www.pacts.org.uk))

[Public and Commercial Services Union \(PCS\) Website](#) Also represent Air Traffic Controllers ([www.pcs.org.uk](http://www.pcs.org.uk))

[Transport Bill in Standing Committee E](#) (Part I, Chapter I: Air Traffic Services) ([www.parliament.uk](http://www.parliament.uk))

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For further information on any of the issues raised in this briefing please contact PACTS on (020) 7922-8113 or e-mail us at [mail@pacts.org.uk](mailto:mail@pacts.org.uk)

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### **Footnotes**

<sup>1</sup> On 11.06.98 Chancellor of the Exchequer Gordon Brown announced that 51% of National Air Traffic Services was to be sold as a Public-Private Partnership (PPP). Later the DETR's (October 1998) Consultation Paper 'A Public-Private Partnership for National Air Traffic Services Limited (NATS)' restated this intention to sell 51% of shares to private investors, including employees, with 49% of shares remaining in public ownership.

<sup>2</sup> The Transport Bill - as of 11.4.00 - is still undergoing its Standing Committee Stage. There are three readings in both the House of Commons and House of Lords before the Bill is Royal Assent.

<sup>3</sup> Harris poll of 160 backbench MPs conducted by Harris between 4-18 February 2000.

<sup>4</sup> IPMS - The Institution of Professionals, Managers and Specialists - is a union representing 4,200 Air Traffic Control Officers, Engineers and Support Staff. This is a large majority of the 5,200 staff who are employed by NATS (National Air Traffic Services).

<sup>5</sup> 46% of Labour MPs; 54% of Conservatives; 100% of Liberal Democrats.

<sup>6</sup> This meeting took place on 17th February 2000 in the House of Commons. Among those present at the meeting were representatives from GATCO, GAPAN, BATA, BA, BAA, UKFSC, BALPA, and NATS.

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