

16. Conflict of interest stops and then reverses the reforms

Why didn't the reforms go ahead? It is nearly 15 years since the decision was made by the Hawke Government to move to the safer airspace system – where all airline aircraft fly in controlled airspace and where pilots can talk to a trained radio operator on the ground.

It's all about self-interest. The self-interest is obvious in relation to the UNICOM or Certified Air/Ground Operator. The air traffic controllers and flight service officers have got themselves great retirement jobs and there is no competition for the jobs from pilots, flying instructors or anyone else. In New Zealand the flying instructors now run the tower at the Ardmore training aerodrome under a competitive contract. They have replaced the licensed controllers and run the tower at a very much lower cost.

But why would anyone be against the obvious safety benefits of re-allocating airspace classifications to where the risk is highest? The answer lies in the structure of Airservices Australia, the profit making commercial organisation that has sole legislative responsibility for the introduction of the new airspace system.

Airservices Australia has a conflict of being in charge of the design and declaration of airspace, while at the same time being required by the Government to maximise the profits from the airspace. It is in fact a double conflict – not only can Airservices Australia maximise profits by reducing the cost and their own liability when operating the airspace system, but it also links the take home pay of the people who make the regulatory decisions on airspace with the profits.

That was originally denied by the Government. In a letter dated 21 April 2004 from The Honourable Warren Truss MP, the Federal Member for Wide Bay, to one of his constituents, he stated:

“I assure you that contrary to the suggestion in your letter, Airservices does not pay its management bonuses based on the profits made. There can therefore be no question of a conflict of interest in its activities in this regard.”

Note how Mr Truss says, “There can be no question of a conflict of interest.” He obviously knows there would be a conflict of interest if there were a link. Fortunately the truth came out two weeks later, with this letter to a constituent from the Federal Member for Cook, Bruce Baird MP of 4 May 2004.

“I can confirm that as a commercial authority, the Board of Airservices Australia has determined a link between financial performance and at risk remuneration for senior managers.”

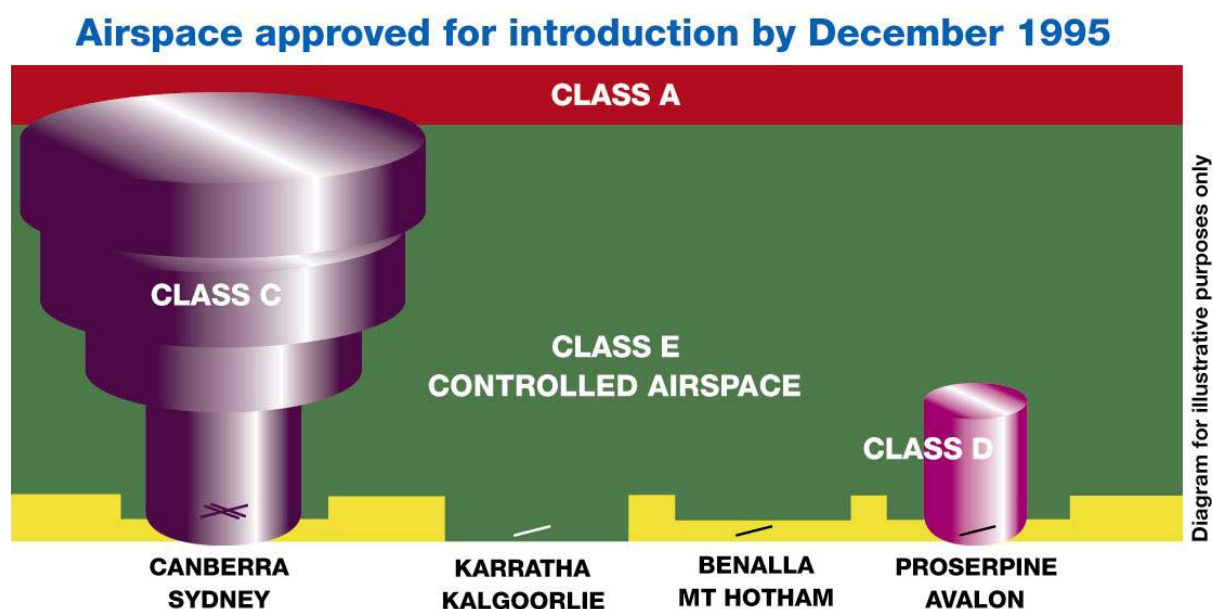
Could this be why the Hamilton Island Tower closes down just before the Airbus departs, or why airports like Proserpine and Broome, with many airline jet services per day, do not have controlled airspace or towers at all? It is actually worse than that. Last year Airservices Australia wound back Stage 2b of the Government's airspace reforms. This was a stage introduced in November 2003 that brought the Class E airspace down to lower levels over the non-radar control tower airports.

Even the Civil Aviation Safety Authority, which normally remains silent to keep out of the media on airspace issues (I'll explain why later) stated in a letter from their Chief Executive Bruce Byron AM, to Airservices Australia on 26 August 2004:

“By reversing some of the elements introduced in NAS 2b, further progress towards the improved airspace system would seem difficult to achieve.”

This was an understatement. Since the reversal, all of the progress towards the improved airspace system has stopped.

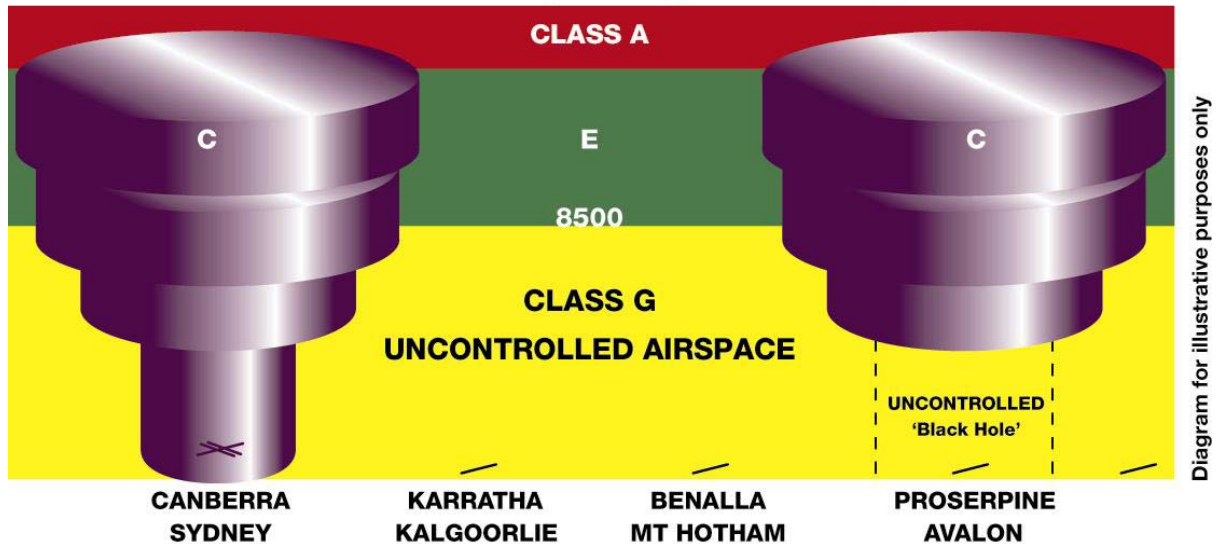
Airservices Australia claimed that this was all about passenger safety. In fact, it was the opposite. It was about reducing accountability and risk of litigation to Airservices Australia whilst the wind back most likely increased the risk to Australian airline passengers. Let's look again at the planned system.



The Hawke Government policy was reaffirmed in May 2002 by the Coalition Government when transport Minister John Anderson announced the decision to adopt the North American based National Airspace System (NAS) as the accepted model for airspace reforms. This was selected by the Aviation Reform Group after the model was developed by Qantas and myself. The NAS was fundamentally the same as the 1995 plan with Class E in the low collision risk airspace above airports with Class D control towers.

The Aviation Reform Group was a group of experts appointed by the Minister John Anderson to advise on airspace reform. Members included Angus Houston (the current Chief of Defence), John Forsyth (Chairman of Airservices Australia), Ted Anson (Chairman of CASA), Ken Matthews (Secretary of the Department of Transport), and myself. A copy of the Cabinet approved NAS document is available on my website.

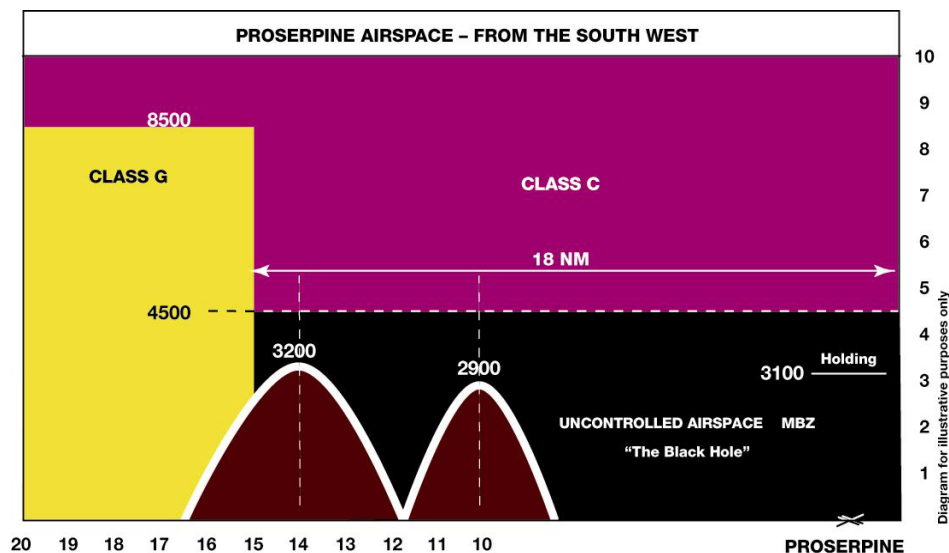
Australian airspace system today



Notice how today's system, after the reversal that took place a year ago, defies commonsense and logic. Once again, just like the old days, the "link" airspace from high to low level – where the risk of a collision is low as aircraft are further apart – is now the most restrictive Class C, and the higher collision risk airspace close to the runway at places like Proserpine and Avalon has jet airliners in dirt road, uncontrolled, "do it yourself" Class G airspace.

It was the Airservices Board, with one dissenter, who made the decision to reverse the Government policy. The explanation is extraordinary. Airservices Australia had approved a safety management system which stated that airspace could only be re-allocated from Class C to Class E if there was a cost benefit. The Airservices management then falsely claimed that as NAS Class C costs the same to operate as Class E, the airspace must go back to Class C.

There was, however, an advantage for Airservices Australia if this reversal took place. It is all very simple. It is about moving responsibility and risk to someone else. By placing Class C airspace above Proserpine, most pilots of small aircraft, rather than filing flight plan details for an approval to fly through the controlled airspace with a likelihood of a delay, will drop down and fly through the Class G airspace below. This is where all aircraft are closer together and the risk of a collision is higher, but Airservices Australia will not be held responsible for collisions because the airspace is uncontrolled.



As the small planes descend and fly through the uncontrolled Class G airspace, they pass airline aircraft close to the runway. There is no radar coverage at this low level. Both the Visual Flight Rules aircraft and the Instrument Flight Rules airline aircraft are in a “do it yourself” system of radio calls. Look at the mountains. If an airline pilot made a mistake on the instrument approach, as happened at Canberra, the radar controller can’t advise the crew because the radio is on the local aerodrome frequency, not the radar frequency.

If this were the NAS system, the pilot would be in Class E airspace when in cloud, under air traffic control and communicating directly with the radar controller. With the present airspace there is not even a transponder requirement for the Visual Flight Rules aircraft, so it won’t be shown on the “black box” Traffic Alert and Collision Avoidance System in the airline aircraft.

Airservices Australia has managed to transfer the prime responsibility for a mid-air collision, or a controlled flight into terrain accident, from their organisation to the pilots of the aircraft concerned.

They prepared their own safety case to justify this reversal of the Government policy. This claimed that Class E airspace did not meet adequate levels of safety. When this safety case was reviewed by Professor Terry O’Neill, the Head of the School of Applied Statistics at the Australian National University, it became obvious that it was a fraudulent document. Airservices Australia had manipulated the figures to give an outcome supporting their own self-interest. A copy of the O’Neill report and other critiques are on my website.

Look at the diagram again. Airservices own computer modelling showed that the collision risk is at least 100 times greater close to an airport than above 5,000 feet. Despite this, they have the highest risk but lowest serviced uncontrolled airspace close to the airport, and the most restrictive Class C airspace in the lower risk airspace above.

The same week that Airservices reversed the airspace in Australia, they announced they had won a contract in the USA to operate control towers for a profit in exactly the airspace that they had reversed here – that is, Class D with Class E above. Imagine that – they are giving American airline passengers the higher safety system whilst they close down control towers here. Then again, why wouldn’t they? They hold the sole regulatory power to do this and it is understandable that they would want to maximise their profits while minimising the risk of litigation to their own organisation in the case of an accident. Most company directors would do the same.

I’m sure everyone must be stunned as to how Airservices Australia can use their regulatory powers to reverse the Government’s policy so that their organisation’s exposure to risk can be minimised.