

In Search of a Single Standard

Discussion areas:

- The Operators Problem
- The Industry problem
- What Scheduled Air Carriers did about the problem
- Where are we now?
- What is the Way Forward?

The Operators Problem

Million Air Dallas Example

- Operators are being audited to death:
 - IAS Registry
 - Wyvern Wingman
 - ARG/US Platinum
 - IS-BAO
 - Oil and Gas Producers Aviation Standard
 - The EJM Standard
 - Several Independent Corporation Standards
 - DOD Standards
 - FAA Surveillance
- 12 different audits each year

The Operators Problem Continued

- Private audit brands have successfully sold a value proposition to their customers, therefore many operators find it necessary to put a private brand on their products to sell to those customers
- Operators that are doing this are using their limited risk reduction resources to “buy” private audit brands for marketing purposes
- Every private brand has a different standard, so operators have to change operational procedures for each audit

The Industry Problem

- Based on available 2006 data Part 135 operations, in total, are 12 times more risky than Part 121 operations
- We have been doing private audits for more than 20 years
- U.S. Part 121 Scheduled Air Carriers Accident Rate
 - 1.7 per one million flight hours (2006)
- U.S. On Demand Part 135 Air Carriers Accident Rate
 - 13.9 per one million flight hours (2006)

Scheduled Air Carriers Solved the Audit Problem

“One Gold Standard”

- The International Operational Safety Audit (**IOSA**) is the gold standard for scheduled airlines
- It is recognized and accepted as the single independent standard by the FAA, Australia's Civil Aviation Safety Authority, Transport Canada and the JAA
- The FAA requires all International Airlines that Code Share with a U.S. Air Carrier to be on the IOSA registry
- The IOSA standard and registry are publicly available
- The International Air Transport Association (IATA) oversees accreditation of audit organizations and ensures the continuous development of the standard and manages the IOSA registry
- Air Carriers must be on the IOSA registry to be a IATA member
- IATA does not conduct audits – it sets the standards and trains independent auditors

Scheduled Air Carriers Solved the Audit Problem and Get Benefits From a Single Standard

- Reduction of auditing costs
- Continuous updating of standards to reflect regulatory revisions and the evolution of best practices within the industry
- An industry specific operational safety standard under the continuing stewardship of an independent organization verified by third party audits
- Accredited third party audit organizations with formally trained and qualified auditors
- Elimination of audit redundancy through mutual acceptance of audit reports by all interested parties

Scheduled Air Carriers Solved the Audit Problem

IATA Members Delivered Results

- Hull losses per million flight hours (2010)
 - All Scheduled Airlines = .61
 - IATA Members = .25 A 36% better result
- Hull losses per million flight hours from 2006, when IATA membership required IOSA registration, through 2010
 - Member losses were reduced by 51.8%

Where Are we Now?

- IOSA – A detailed 365 page document that is publicly available
 - Has documented results
 - Part 135 Operators will not be able to meet this with out modification
- IAS – A detailed 211 page document that is publicly available
 - Aligned with the IOSA standard and adjusted for Part 135 operations
- IS-BAO - A private standard available for a fee
 - A standard designed for Business Aviation, not aware of any documented results
- Many Private and Corporate Audit Brands and Standards
 - Everything from a 12 page standard available on request to private standards that are not available, not aware of any documented results

Where Are We Now Continued

- There are 39 IOSA registered airlines in North America
- There are 30 IAS registered operators in North America
- 25 additional operators have undergone the IAS audit but have not yet completed the requirements
- 24 of those 25 meet one or more of the private brand standards
- A dogs breakfast of audit standards
- Lots of auditors with varying levels of experience and training

What is The Way Forward?

- Will we keep branding our businesses with private audit brands?
- Are we willing to invest in a comprehensive standard solely for the sake of reducing risk?
- Are we going to invest 20 more years in standards that keep us 12 times more risky than a Scheduled Airline?
- Do we, the operators have enough collective will and organizational structure to demand one meaningful standard?
- Private audit brands are in the business of selling products and services to their customers
- The Foundation is in the business of raising the safety bar with:
 - **One Gold Standard**