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**INTER-OFFICE MEMORANDUM**


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Ref: AN21/1.2 Conf. \* see RPM's email on 17/6/19  
4 June 2019

To: Secretary General Approved thp 17/6/19

through: C/FIN / MH 5/6/19 \* see email from C/FIN  
dated 5 June 2019.

From: C/GAT

Subject: **Approval of a price discrimination for trainees from Civil Aviation Regulatory Bodies attending ICAO Courses**

Further to C-DEC 216/1, it was requested that the Global Aviation Training (GAT) Office explore "options aimed at reviewing the Pricing Policy for its training courses to favour regulatory bodies as well as governmental civil aviation authorities". In line with this request, a thorough pricing analysis was undertaken to review the cost structure of ICAO courses and to discriminate course fees for trainees originating from civil aviation regulatory bodies, hereafter referred to as Regulatory Bodies, versus those which originate from non-Regulatory Bodies. The revised fees, including various price discrimination scenarios, are indicated in Appendix A to this IOM.

1) **Pricing Assumptions for Course Fees:** The following assumptions were considered when determining course fees:

- a) based on training records, on average 50% of trainees attending ICAO courses originate from Regulatory Bodies, while the remaining 50% originate from non-Regulatory Bodies;
- b) on average, and based on the last five years of experience delivering ICAO courses, a classroom course is delivered 10 times a year with 12 trainees per session, while an online course is delivered to 250 trainees per year;
- c) course pricing is calculated over a four-year period, as this timeframe corresponds to the normal lifecycle of a course before a major update or a new course is required;
- d) an estimated 4,400 trainees will be enrolled to ICAO courses in 2020, with a projected 10% yearly enrolment increment; and
- e) overhead fees, to take into account the organization's administrative costs incurred by areas such as finance, HR and procurement to support activities outside of the regular budget, representing 7% is included in the costs by applying it to all GAT revenues for services received by GAT from the Regular Programme.

2) **Cost Centres Composition of Course Fees:** The following costs are considered when determining prices for ICAO courses:

- a) staff costs of the GAT Office;
- b) course development costs, including expenses for the recruitment of course developers and subject matter experts specific to each course;
- c) course delivery expenses, including expenses related to the recruitment of instructors, their travel to the location of the course delivery and the production of training materials;

- d) programme support costs for administrative services performed by the Regular Programme (7%);
- e) research and development costs, representing 5% of total revenues, to be re-invested in new courses, tools, methodologies and initiatives in GAT;
- f) contribution to the Regular Programme's organizational priorities and Strategic Objectives as part of the ARGF contribution (CAD 2.4 million over the next triennium);
- g) supplementary costs for the development, maintenance, and enhancement of the TRAINAIR PLUS Electronic Management System (TPeMS) and other online systems, such as the Learning Management Systems (LMS); and
- h) implementation of external surveys to States and TRAINAIR PLUS Programme (TPP) Members on a triennium basis.

3) **Proposed Pricing for Trainees from Regulatory Bodies versus those from Non-Regulatory Bodies:** Based on the assumptions and cost centres indicated above, a pricing scenario has been identified whereby GAT's financial commitments to support organizational priorities and Strategic Objectives, as part of the ARGF contribution, will be covered by course fees from trainees from non-Regulatory Bodies only; while trainees from Regulatory Bodies will be charged cost-based fees. Assuming this scenario, a 5 day course with one instructor, which represents the majority of GAT courses, will be priced at US\$1,350 for a trainee from a Regulatory Body, while a trainee from a non-Regulatory Body will be charged US\$1,700, representing a 21% difference. Additional options whereby trainees from Regulatory Bodies contribute 10%, 20%, 30%, or 40% to organizational priorities are indicated in Appendix A to this IOM.

4) **Benchmarking:** A price benchmarking was conducted to evaluate the competitiveness and accessibility of ICAO training products with regards to other training provided by international organizations, training organizations or education providers from the aviation sector. Courses on similar subject matter and/or of similar duration were benchmarked for this activity. Results of the benchmarking are indicated in Appendix B to this IOM. The benchmarking analysis based itself on the assumption that regulatory bodies would contribute 0% and 10% respectively to Organizational Priorities and Strategic Objectives. The analysis highlighted that:

- a) pricing for 5-day ICAO courses for trainees from Regulatory Bodies are offered at a lower price than those offered by other actors in the aviation field; While pricing for non-Regulatory Bodies are similar or slightly lower than those from competitors
- b) pricing of online courses are either lower or in line with average pricing offered by other actors in the aviation training field; and
- c) pricing for executive and academic programmes, such as the ICAO/Concordia Management Certificate in Civil Aviation, are below those offered by others.

#### 5) **Financial and Logistical Risks**

- a) It is assumed that the 50% ratio for course participants between Regulators versus non-Regulators will remain unaffected after a price discrimination. However, non-Regulators may perceive a feeling of unfairness (especially if the price discrimination is significant between these two categories), resulting in a drop of participants from this category. Since they contribute the most to supporting organizational priorities and Strategic Objectives, there is a risk of a decrease in enrolment numbers and a subsequent impact on revenues.
- b) The revised pricing includes the Organization's 7% administrative overhead fee, applied to all income generated by the GAT Office, including funds received

from training organizations to pay for instructor salary and travel costs related to course deliveries. This overhead fee has been applied to TPP ring-fenced activities as well as non-TPP activities. Considering GAT's contribution to the ARGF of CA\$2.4 million over the next triennium, an overhead fee applied to all GAT activities represents CA\$410,000/year to cover costs of the organization in supporting GAT activities, which could have a big impact on course pricing and course enrolments.

- c) The price discrimination for ICAO courses for regulators may not result in garnering additional participants from Regulators. Participants from Regulatory Bodies may well perceive this price discrimination, without necessarily having the effect of increasing their enrolment levels.
- d) It will be a complex task for the GAT Office to validate the work status of a trainee (i.e. does the trainee actually work for a Regulator?). Staff of the GAT Office are not equipped to verify work documentation and may therefore need to consult Regional Offices and Delegations to provide confirmation. This will result in delays to respond to clients, which may impact registration levels and revenues.

Based on the above information, I seek your approval to implement a revised pricing scheme, whereby course fees for trainees from Regulatory Bodies will be cost-based, while fees for trainees from non-Regulatory Bodies will include provisions for GAT's financial commitments to support organizational priorities and Strategic Objectives as part of the ARGF contribution.

Submitted for your consideration.



Meshesha Belayneh

## Appendix A

### Price Discrimination for Trainees Originating from Civil Aviation Regulatory Bodies versus those from Non-Regulatory Bodies

#### Proposed Revised Pricing Scheme:

**Trainees from Regulatory Bodies Contributing 0% to GAT's ARGF commitment Versus Trainees from Non-Regulatory Bodies Contributing 100% to GAT's ARGF commitment**

	Course Duration / instructors	Revised Pricing		% difference b/w Regulators and Non-Regulators
		Non-Regulator	Regulator	
ICAO Training Packages (ITPs) delivered at HQ, Regional Offices or in the premises of non-TPP Members	3 days / 1 instructor	\$1,550	\$1,250	19%
	4 days / 1 instructor	\$1,600	\$1,300	19%
	4 days / 2 instructors	\$2,300	\$2,000	13%
	5 days / 1 instructor	\$1,700	\$1,350	21%
	5 days / 2 instructors	\$2,450	\$2,150	12%
	10 days / 1 instructor	\$2,100	\$1,800	14%
	10 days / 2 instructors	\$3,300	\$2,950	11%
	15 days / 1 instructor	\$2,500	\$2,200	12%
15 days / 2 instructors	\$4,100	\$3,800	7%	
Online Courses	15 hours	\$800	\$500	38%
ITPs hosted by TPP Members <sup>1</sup>		\$430		N/A

#### Additional Pricing Scenarios

**Scenario 2: Trainees from Regulatory Bodies Contributing 10% to GAT's ARGF commitment**

	Course Duration / instructors	Revised Pricing		% difference b/w Regulators and Non-Regulators
		Non-Regulator	Regulator	
ICAO Training Packages (ITPs) delivered at HQ, Regional Offices or in the premises of non-TPP Members	3 days / 1 instructor	\$1,500	\$1,250	17%
	4 days / 1 instructor	\$1,600	\$1,350	16%
	4 days / 2 instructors	\$2,300	\$2,050	13%
	5 days / 1 instructor	\$1,650	\$1,400	15%
	5 days / 2 instructors	\$2,450	\$2,150	12%
	10 days / 1 instructor	\$2,050	\$1,800	12%
	10 days / 2 instructors	\$3,250	\$3,000	8%
	15 days / 1 instructor	\$2,500	\$2,250	10%

<sup>1</sup> TRAINAIR PLUS Programme Members are charged an administrative fee, per trainee, to host an ICAO Training Package (ITP). This fee covers cost of the development, production and shipment of course material as well as the coordination of the course delivery by GAT staff. Costs of the instructor (i.e salary and travel) are to be covered by the TPP Member.

	15 days / 2 instructors	\$4,100	\$3,850	6%
Online Courses	15 hours	\$750	\$500	33%
ITPs hosted by TPP Members		\$430		N/A

**Scenario 3: Trainees from Regulatory Bodies Contributing 20% to GAT's ARGF commitment**

	Course Duration / instructors	Revised Pricing		% difference b/w Regulators and Non-Regulators
		Non-Regulator	Regulator	
ICAO Training Packages (ITPs) delivered at HQ, Regional Offices or in the premises of non-TPP Members	3 days / 1 instructor	\$1,500	\$1,300	13%
	4 days / 1 instructor	\$1,550	\$1,350	13%
	4 days / 2 instructors	\$2,250	\$2,050	9%
	5 days / 1 instructor	\$1,650	\$1,450	12%
	5 days / 2 instructors	\$2,400	\$2,200	8%
	10 days / 1 instructor	\$2,050	\$1,850	10%
	10 days / 2 instructors	\$3,200	\$3,050	5%
	15 days / 1 instructor	\$2,450	\$2,250	8%
	15 days / 2 instructors	\$4,050	\$3,850	5%
Online Courses	15 hours	\$750	\$550	27%
ITPs hosted by TPP Members		\$430		N/A

**Scenario 4: Trainees from Regulatory Bodies Contributing 30% to GAT's ARGF commitment**

	Course Duration / instructors	Revised Pricing		% difference b/w Regulators and Non-Regulators
		Non-Regulator	Regulator	
ICAO Training Packages (ITPs) delivered at HQ, Regional Offices or in the premises of non-TPP Members	3 days / 1 instructor	\$1,450	\$1,300	10%
	4 days / 1 instructor	\$1,500	\$1,400	7%
	4 days / 2 instructors	\$2,200	\$2,100	5%
	5 days / 1 instructor	\$1,600	\$1,450	9%
	5 days / 2 instructors	\$2,350	\$2,250	4%
	10 days / 1 instructor	\$2,000	\$1,900	5%
	10 days / 2 instructors	\$3,200	\$3,050	5%
	15 days / 1 instructor	\$2,400	\$2,300	4%
	15 days / 2 instructors	\$4,000	\$3,900	3%
Online Courses	15 hours	\$700	\$550	21%
ITPs hosted by TPP Members		\$430		N/A

**Scenario 5: Trainees from Regulatory Bodies Contributing 40% to GAT's ARGF commitment**

	Course Duration / instructors	Revised Pricing		% difference b/w Regulators and Non-Regulators
		Non-Regulator	Regulator	
ICAO Training Packages (ITPs) delivered at HQ, Regional Offices or in the premises of non-TPP Members	3 days / 1 instructor	\$1,450	\$1,350	4%
	4 days / 1 instructor	\$1,500	\$1,450	3%
	4 days / 2 instructors	\$2,200	\$2,100	5%
	5 days / 1 instructor	\$1,550	\$1,500	3%
	5 days / 2 instructors	\$2,350	\$2,250	4%
	10 days / 1 instructor	\$2,000	\$1,900	5%
	10 days / 2 instructors	\$3,150	\$3,100	2%
	15 days / 1 instructor	\$2,400	\$2,350	2%
	15 days / 2 instructors	\$4,000	\$3,900	3%
Online Courses	15 hours	\$650	\$600	8%
ITPs hosted by TPP Members		\$430		N/A

**Appendix B  
Benchmarking of ICAO Courses**

**1) Regulatory Bodies Contributing 0% to ICAO GAT's ARGF commitment**

Course Type	Course Field	ICAO		IATA			ACI		Singapore Aviation Academy	JAA TO (Netherlands)	ENAC (France)
		Regulator	Non-Regulator	Non-Member	Member	Developing countries	Member	Non-Member			
5 days	Safety Management	1,350	1,700	3,100	2,790	2,170	1,575	2,280	1,800	2,680	1,730
	Air Law	1,350	1,700	3,100	2,790	2,170	Not Available	Not Available	2,250	2,041	2,160
Online (15 hours)	Safety/Environment	500	800	100 USD/Hr (1,500 USD for 15 Hr)			695*	695*	Not Available	400	Not Available
Executive (Several weeks)	Management	3,000		18,000			6,200	7,300	3,100	Not Available	4,310

**2) Regulatory Bodies Contributing 10% to ICAO GAT's ARGF commitment**

Course Type	Course Field	ICAO		IATA			ACI		Singapore Aviation Academy	JAA TO (Netherlands)	ENAC (France)
		Regulator	Non-Regulator	Non-Member	Member	Developing countries	Member	Non-Member			
5 days	Safety Management	1,400	1,650	3,100	2,790	2,170	1,575	2,280	1,800	2,680	1,730
	Air Law	1,400	1,650	3,100	2,790	2,170	Not Available	Not Available	2,250	2,041	2,160
Online (15 hours)	Safety/Environment	500	750	100 USD/Hr (1,500 USD for 15 Hr)			695*	695*	Not Available	400	Not Available
Executive (Several weeks)	Management	3,000		18,000			6,200	7,300	3,100	Not Available	4,310

\*Based on an average of ACI online course prices

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## Johnston, Georgia

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**From:** Wan, James  
**Sent:** 17-Jun-19 16:53  
**To:** Office of the Secretary General  
**Cc:** Brand, Sam; Lee, Rick  
**Subject:** FW: OM re. approval of price discrimination for trainees

RPM has no comment.

All the Best,

James 1-514-824-6258

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**From:** Millward, Megan  
**Sent:** 17-Jun-19 4:27 PM  
**To:** Wan, James <[JWan@icao.int](mailto:JWan@icao.int)>; Lee, Rick <[RLee@icao.int](mailto:RLee@icao.int)>; Knitter, Ken <[KKnitter@icao.int](mailto:KKnitter@icao.int)>; Lucking, Andrew <[alucking@icao.int](mailto:alucking@icao.int)>; Brand, Sam <[SBrand@icao.int](mailto:SBrand@icao.int)>  
**Subject:** RE: IOM re. approval of price discrimination for trainees

Dear Mr Wan,

The Heads have confirmed they have no comments on the IOM.

Best,  
Megan

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**From:** Wan, James  
**Sent:** 17-Jun-19 9:32 AM  
**To:** Lee, Rick; Knitter, Ken; Lucking, Andrew; Brand, Sam  
**Cc:** Millward, Megan  
**Subject:** FW: IOM re. approval of price discrimination for trainees

Please provide your inputs to Sam ASAP. Thanks.

All the Best,

James 1-514-824-6258

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**From:** Office of the Secretary General  
**Sent:** 14-Jun-19 5:00 PM  
**To:** Wan, James <[JWan@icao.int](mailto:JWan@icao.int)>; Brand, Sam <[SBrand@icao.int](mailto:SBrand@icao.int)>  
**Cc:** Office of the Secretary General <[OSGInbox@icao.int](mailto:OSGInbox@icao.int)>; Office of the Director ADB <[ADB@icao.int](mailto:ADB@icao.int)>  
**Subject:** IOM re. approval of price discrimination for trainees

DDI ADB IAC and C/RGA: for your  
archive please, of C/GAT's  
IOM.

**Borsellino, Antonina**

**From:** Hemmerde, Monica  
**Sent:** 5-Jun-19 09:52  
**To:** Global Aviation Training Inbox  
**Cc:** Office of the Secretary General; Belayneh, Meshesha; Martinez, Diego; Lahlou, Mekki;  
FIN Inbox; Borsellino, Antonina  
**Subject:** RE: IOM: Approval of a Price Discrimination for Trainees from Civil Aviation Regulatory  
Bodies Attending ICAO Courses

6/16/19

Good morning,

The IOM is fine with me.

I had discussed the proposal with C/GAT and his team. My comments and questions were either taken into account in the final IOM or responded to.

Best regards,

Monica

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**From:** Global Aviation Training Inbox  
**Sent:** 4-Jun-19 4:20 PM  
**To:** Hemmerde, Monica <mhemmerde@icao.int>  
**Cc:** Office of the Secretary General <OSGInbox@icao.int>; Belayneh, Meshesha <MBelayneh@icao.int>; Martinez, Diego <DMartinez@icao.int>; Lahlou, Mekki <mlahlou@icao.int>  
**Subject:** IOM: Approval of a Price Discrimination for Trainees from Civil Aviation Regulatory Bodies Attending ICAO Courses

Good afternoon,

Please find attached an IOM from C/GAT regarding the above subject matter.

Thank you.

Kind regards,

Global Aviation Training Office  
International Civil Aviation Organization



ICAO

UNITING AVIATION