INFORMATION SHEET 1	LO1- CONSTRUCT MIXED CLASS FARES

1. CONSTRUCT MIXED CLASS FARES

This learning guide describes the performance outcomes, skills and knowledge required to construct international air itineraries and cost fares using advanced international airfare rules and procedures. It requires the ability to accurately interpret airfare information and configure air itineraries that create optimum airfare costs.

This learning guide is developed to provide you the necessary information regarding the following content coverage and topics –

Construct mixed class fares

- The IATA Geography

- Traffic conference areas

- Global Indicators

This guide will also assist you to attain the learning outcome stated in the cover page. Specifically, upon completion of this Learning Guide, you will be able to –

➢ Identify options where mixed class combinations are allowed and appropriate to meet customer needs.

➢ Configure air itineraries and calculate mixed class fare costs accurately and in accordance with IATA regulations.

Learning Activities

1. Read the specific objectives of this Learning Guide.

2. Read the information written in the "Information Sheets 1 and 2".

3. Accomplish the "Self-check" in page 18 and 19.

4. If you earned a satisfactory evaluation proceed to *"Information Sheet 2*. However, if your rating is unsatisfactory, see your teacher for further instructions or go back to Learning Activity #1.

5. Submit your accomplished Self-check. This will form part of your training portfolio.

6. Your teacher will evaluate your output either satisfactory or unsatisfactory. If unsatisfactory, your teacher shall advice you on additional work. But if satisfactory you can proceed to Learning Guide.

1.1 Traffic Conference Areas

As fares and rules are generally arranged according to IATA's geographical areas and global directions. The key to quoting the correct fare and rules lies in your being able to identify the correct IATA geographical location of cities and countries. The process for establishing fares involves the so-called 'traffic conferences' or 'areas' such as Area 1, Area 2 and Area 3. Airlines operating in and out or via these areas belong to the relevant conference. Some conferences are aided by working groups and committees that are also attended by observers from various industry associations including computer reservations system vendors.

In the conferences, the airlines negotiate, propose and vote on fares and tariff related rules. After securing government approval, the tariff structure and ticketing procedures would become effective on a certain date and until such time that a new fare or rule replaces the previous one.

IATA has divided the world into three Areas, also known as the Traffic Conference Areas. Each of the three Traffic Conference Areas is subdivided into Sub-Areas.

The key to quoting the *correct fare* and rules lies in your being able to identify the correct *IATA geographical location* of cities and countries.

TC1	TC2	TC3
All of the North and South American Continents and adjacent West Indies and Islands of the Caribbean, the Hawaiian Islands (including Midway and Palmyra).	All of Europe (including that part of Russia in Europe which is west of the Ural Mountains) and adjacent islands, Iceland, the Azores, all of Africa and adjacent islands, Ascension Island, that part of Asia lying west of and including Iran.	All of Asia and adjacent islands, except the portion included in Area 2, all of the East Indies, Australia,New Zealand and adjacent islands, the Islands of the Pacific Ocean except those included in Area 1.

North America	North Atlantic
Central America	Mid Atlantic
Caribbean Area	South Atlantic
South America	

IATA TRAFFIC CONFERENCE AREAS

♣ Traffic Conference Area 1 (TC1)

In its entirety, Area 1 or TC1 is composed of the Western Hemisphere but has several classifications of sub-areas for fare construction purposes, two of which are listed below.

1. North America

> ❖ Canada (CA), Mexico (MX), USA (US) and St. Pierre & Miquelon (PM)

2. Central America

> ❖ Belize (BZ), Guatemala (GT), Costa Rica (CR), Honduras (HN), El Salvador (SV) and Nicaragua (NI)

3. Caribbean Area

> ❖ Bahamas (BS), Guyana (GY), Bermuda (BM), French Guiana (GF), Suriname (SR) and Caribbean Islands*

4. South America

> ❖ Argentina (AR) ,Ecuador (EC), Peru (PE), Bolivia (BO) French Guiana (GF) Suriname (SR), Brazil (BR) Guyana (GY),Uruguay (UY),Chile (CL), Panama (PA), Venezuela (VE),Columbia (CO) and Paraguay (PY)

Based on Atlantic

1. North Atlantic sub-area covers

> ❖ Canada, Greenland (GL), Mexico, and the USA which includes Alaska, Hawaii, Puerto Rico and US Virgin Islands.

2. Mid Atlantic sub-area includes all of the

❖ Caribbean Area sub-area, Central America, South America plus Panama Canal zone except Argentina, Brazil, Chile, Paraguay and Uruguay.

3. South Atlantic sub-area includes only

❖ Argentina, Brazil, Chile, Paraguay and Uruguay (ABCPU)**.**

Traffic Conference Area 2(TC2)

Europe
Africa
Middle east

Europe

- European Common Aviation Area (ECAA) and related states:
- European Economic and Monetary Union (EMU):
- Scandinavia

European Common Aviation Area (ECAA) and related states:

- Albania, Austria, Belgium, Bosnia and Herzegovina, Bulgaria,Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland,France, Germany, Greece, Hungary, Iceland, Republic of Ireland,Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, MacedoniaFYROM, Malta, Montenegro, Netherlands, Norway, Poland,Portugal, Romania, Serbia, Slovakia, Slovenia, Spain, Sweden,Switzerland, United Kingdom.

European Economic and Monetary Union (EMU):

- Austria,Belgium, Cyprus, Estonia Finland, France, including French Territories and Monaco, Germany, Greece, Ireland, Italy, Luxembourg, Malta, Netherlands, Portugal, Slovakia, Slovenia, Spain.

Scandinavia: Denmark, Norway and Sweden.

Africa:

Central Africa
Eastern Africa
Southern Africa
Libya
Indian Ocean Islands
Western Africa

• *Central Africa* composed of Malawi (MW), Zambia (ZM), Zimbabwe (ZW).

• *Eastern Africa* composed of Burundi (BI), Djibouti (DJ), Eritrea (ER), Ethiopia (ET), Kenya (KE), Rwanda (RW), Somalia (SO), Tanzania (TZ) and Uganda (UG).

• *Southern Africa* composed of Botswana (BW), Lesotho (LS), Mozambique (MZ), South Africa (ZA),Namibia (NA), Swaziland (SZ).

• *Libya* or Libyan Arab Jamahiriya (LY).

• *Indian Ocean Islands* consisting of the Comoros (KM), Madagascar (MG), Mauritius (MU), Mayotte (YT), Reunion (RE), Seychelles (SC).

• *Western Africa* consisting of Angola (AO), Benin (BJ), Burkina Faso (BF), Cameroon (CM), Cape Verde (CV), Central African Republic (CF), Chad (TD), Congo (CG), Cote d'Ivoire (CI), Democratic Republic of Congo (CD), Equatorial Guinea (GQ), Gabon (GA), Gambia (GM), Ghana (GH), Guinea (GN), Guinea Bissau (GW), Liberia (LR), Mali (ML), Mauritania (MR), Niger (NE), Nigeria (NG), Principe and Sao Tome (ST), Senegal (SN), Sierra Leone (SL) and Togo (TG).

Middle East

- Bahrain (BH), Egypt (EG), Iran (IR), Iraq (IQ), Israel (IL), Jordan (JO), Kuwait (KW), Lebanon (LB), Oman, Sultanate of (OM), Palestinian Territory (Occupied) (PS), Qatar (QA), Saudi Arabia (SA), South Sudan (SS), Sudan (SD), Syrian Arab Republic (SY), United Arab Emirates (AE), Yemen, Republic of (YE).

Traffic Conference Area 3 (TC3)

Area 3 is composed of the whole of Asia and the adjacent islands except the part included already in Area 2; the East Indies, Australia, New Zealand the neighboring islands in the Pacific Ocean except those in TC1.

South East Asia Sub-area (SEA)

South Asian Subcontinent Sub-area (SASC)

Japan, Korea Sub-area

South West Pacific Sub-area (SWP)

1. South East Asia Sub-area (SEA)

➢ Brunei Darussalam (BN), Cambodia (KH), China excluding Hong Kong SAR and Macau SAR (CN), Chinese Taipei (formerly Taiwan) (TW), Christmas Island (CX), Cocos (Keeling) Islands (CC), Guam (GU), Hong Kong Special Administrative Region, China (HK), Indonesia (ID), Kazakhstan (KZ), Kyrgyzstan (KG), Laos (LA), Macao Special Administrative Region, China (MO), Malaysia (MY), Marshall Islands (MH), Micronesia (FM), Mongolia (MN), Myanmar (MM), Northern Mariana Islands (MP) Palau (PW), Philippines (PH), Russia in Asia (XU), Singapore (SG), Tajikistan (TJ), Thailand (TH), Timor Leste (TL), Turkmenistan (TM), Uzbekistan (UZ) and Viet Nam (VN)

2. South Asian Subcontinent Sub-area (SASC)

➢ Afghanistan (AF), Bangladesh (BD), Bhutan (BT), India (IN), Maldives (MV), Nepal (NP), Pakistan (PK), Sri Lanka (LK)

3. Japan, Korea Sub-area

➢ Japan (JP), Democratic Republic of Korea (KP), Korea, Republic of (KR)

4. South West Pacific Sub-area (SWP)

➢ American Samoa (AS), Australia (AU), Cook Islands (CK), Fiji (FJ), French Polynesia (PF), Kiribati (KI), Nauru (NR), New Caledonia including Loyalty Islands (NC), New

Zealand (NZ), Niue (NU), Papua New Guinea (PG), Samoa (WS), Solomon Islands (SB), Tonga (TO), Tuvalu (TV), Vanuatu (VU), Wallis and Futuna Islands (WF) and intermediate islands.

1.2 IATA GLOBAL INDICATORS

- Fares vary not only by class of service or fare type but also by routing type as represented by global indicators (GI).
- For example, an economy or Y fare from Los Angeles to Hong Kong via the Atlantic would be higher than the fare paid by the passenger if he travelled via the Pacific.
- In order to quote the correct fare, you will need to know the type of routing the passenger is taking.
- The routing types are represented by global indicators.
- The world can be divided into 2 halves or *hemispheres:*
- *The Eastern Hemisphere* and the *Western Hemisphere.*
    - The Eastern Hemisphere is comprised of IATA Areas 2 & 3 (TC2 and TC3) while
    - The Western Hemisphere comprises IATA Area 1 (TC1).

✛ Types of Global Indicator Codes per Area

➢ Global Indicator **WH**

- Area TC1
- Also refers to travel wholly within Area 1
- Sample Routings

RIO–MIA

Western Hemisphere

GREENLAND

St. Lawrence Is

Aleutian Is

NORTH AMERICA

P A C I F I C O C E A N

Bermuda Is

A T L A N T I C O C E A N

Hawaiian Is

Galapagos Is

SOUTH AMERICA

Easter Is

South Georgia

Antarctica

1

Eastern Hemisphere

A R C T I C O C E A N

Jan Mayen Is

Iceland

Faroe Is

A S I A

E U R O P E

Azores Is

Canary Is

P A C I F I C O C E A N

A T L A N T I C O C E A N

AFRICA

Northern Mariana Is

Marcus Is

Wake Is

Marshall Is

Micronesia

Fanning Is

Christmas Is

Ascension Is

Kiribati

French Polynesia

St. Helena Is

Cocos Is

Fiji Is

New Caledonia Is

Henderson Is

Pitcairn Is

Madagascar

I N D I A N O C E A N

AUSTRALIA

New Zealand

Prince Edward Is

2

3
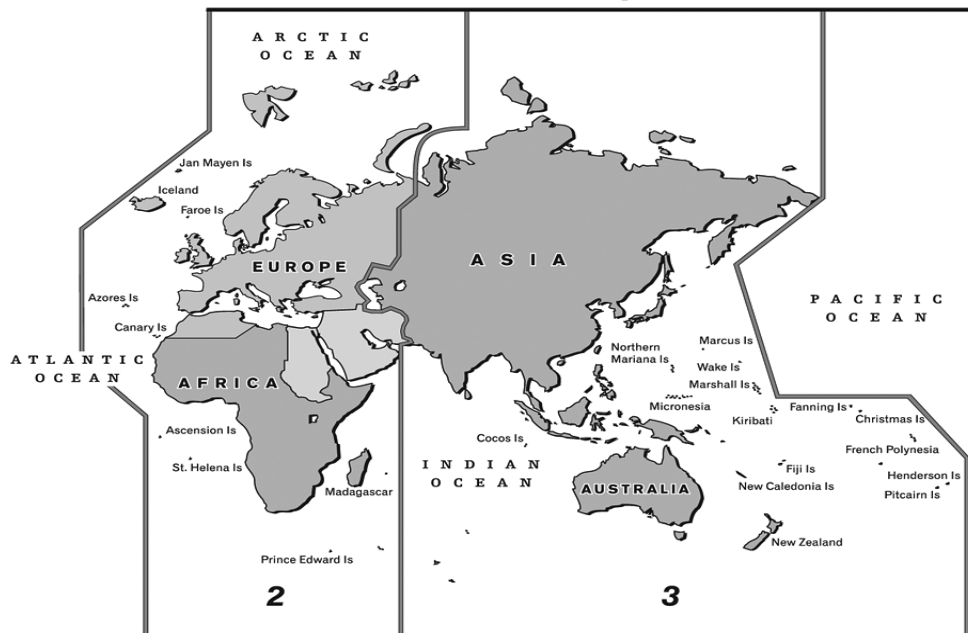
1.1.3. Global Indicators

(See Rule 2.5.8. for the complete description of each global indicator. A summary is shown below.)

AP	between Area 2 and Area 3 via the Atlantic and the Pacific
AT	between Area 1 and Area 2/ Area 3 via the Atlantic (other than SA)
EH	-between Area 2 and Area 3 via Eastern Hemisphere (other than TS/RU/FE) -within Area 2 or within Area 3
FE	between Russia (in Europe)/Ukraine and Area 3 with nonstop service between Russia (in Europe)/Ukraine and Area 3 other than Japan, Korea (Dem. People's Rep. of), Korea (Rep. of)
PA	-between Area 3 and Area 1 via Pacific (other than between SWP and South America via North America and North/ Central Pacific) -not applicable for routings on non-stop services between Canada/USA and South Asian Subcontinent -between TC1 and TC2 (via the Pacific) and via TC3 (effective 01Jun12)
PN	between South America and South West Pacific via North America but not via Area 3 except SWP
RU	between Russia (in Europe) and Area 3 with nonstop service between Russia (in Europe) and Japan, Korea (Dem. People's Rep. of), Korea (Rep. of); not via another country (ies) in Europe
SA	between ABCPU and South East Asia, South Asian Subcontinent, Korea (Dem. People's Rep. of), Korea (Rep. of) via the Atlantic and via point(s) in South East Asia, SASC, Central Africa, Southern Africa, Indian Ocean Islands, Korea (Dem. People's Rep of), Korea (Rep. of) or via direct services
TS	between Area 2 and Area 3 (Trans Siberian route) with a sector having nonstop service between Europe and Japan, Korea (Dem. People's Rep. of), Korea (Rep. of) (other than RU/FE)
WH	within Area 1 (Western Hemisphere)

➢ **Global Indicator EH**

- **Area TC2**
- **Represents travel wholly within Area 2**
- **Sample Routings**

   GVA–JNB

   DXB–ADD

➢ **Global Indicator EH**

- **Area TC3**
- **Also refers to travel wholly within Area 3**
- **Sample Routings**

   SIN–KBL

HKG–SYD

- ➢ **Between TC1 and TC2 (TC12)**

- • **To travel between TC1 and TC2 the passenger must cross the Atlantic Ocean.**
- • **GI : AT**
- • **Area 1 Area 2 Atlantic Ocean**

LON-NYC

- ➢ **Between TC3 and TC1 (TC31)**

- • **There are two different routes across the Pacific Ocean. They are *PA* and *PN***

- **PN is very specific. Passengers travel on the PN global indicator when they travel between *South America* and *South West Pacific* via a point *in North America.***
- **All other crossings over the Pacific Ocean are PA.**

  ➢ **PN**

- *South America (Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, French Guiana, Guyana, Panama, Paraguay, Peru Suriname, Uruguay, and Venezuela) **and *South West Pacific***
- **Via North America across** *the Pacific Ocean*

    SYD-LAX-BUE

  ➢ **Between TC1 and TC2 and TC3 (TC123 or TC321)**

- There are two different routes across the Atlantic Ocean. They are *AT* and *SA*.
- **SA is very specific.** Passengers travel on the SA global indicator when they travel between any point in *South East Asia (SEA) or South Asian Sub-Continent (SASC) or Korea*, and any point in the *South Atlantic sub-area (Argentina, Brazil, Chile, Paraguay and Uruguay).*
- via a point in *Central/Southern Africa or Indian Ocean Islands*.
- **All other crossings of the Atlantic Ocean are *AT*.**

  ➢ **Between TC213**

  ⊙ **To travel between TC2 and TC3 via TC1 requires the passenger to cross both the Atlantic and the Pacific Oceans.**

GI: AP

- ⭕ **TC2 TC3 TC1 and the Atlantic and Pacific Oceans**

    FRA-LAX-SIN

Between TC23

- ⭕ **Travelling between TC2 and TC3 offers the greatest number of possibilities.**
- ⭕ **There are 4 in total EH, FE, TS, RU. Let us examine them.**
- ⭕ **FE between *Russia (in Europe)/*Ukraine and *TC3* (other than Japan, Korea.**

MOW-SIN-BKK

- ⭕ **RU between *Russia (in Europe)* and *Japan/Koreanot via another country(ies) in Europe***

MOW-MNL-TYO

- ⭕ **TS** TC2 TC3 between **Europe** and **Japan/Korea** (other than RU/FE)

PAR-TYO-SIN
HKG-OSA-FRA
LON-SEL-JKT
MOW-HEL-TYO

- ⭕ **EH** TC2 TC3 via Travel via Eastern hemisphere route other than AP/TS/RU/FE

DUB-PAR-HKG

 SIN-BOM-LON

 FRA-BKK-JKT

SELF-CHECK 1	WRITTEN EXAM

Answer the following questions

Directions: Describe the following IATA Global Indicators and traffic conference areas.

1. EH (1 point)
2. PA (1 point)
3. PN (1 point)
4. WH (1 point)
5. FE (1 points)
6. TS (1 point)
7. RU (1 point)
8. Trafic Conference area 1(1 point)
9. Trafic Conference araea 2(1 point)
10. Trafic Conference araea 3 (1 point)

Note: Satisfactory rating - 10 points and above   Unsatisfactory - below 10 points

Score = _____
Rating:

Answer Sheet

Name: _____   Date: _____

Short Answer Questions

1. _____

2. _____

3. _____

4. _____

5. _____

6. _____

7. _____

8. _____

9. _____

10. _____

INFORMATION SHEET 2	**LO2- APPLY MINIMUM CHECKS**

2. APPLY MINIMUM CHECKS

This learning guide is developed to provide you the necessary information regarding the following content coverage and topics –

Apply Minimum Checks

- The Journey types and its features
- One Way
- Round Trip
- Circle Trip
- Open Jaw

This guide will also assist you to attain the learning outcome stated in the cover page. Specifically, upon completion of this Learning Guide, you will be able to –

- Apply minimum checks to appropriate itineraries.
- Calculate fares and document according to IATA procedures.

Learning Activities

1. Read the specific objectives of this Learning Guide.

2. Read the information written in the "Information Sheets __.

3. Accomplish the "Self-check" in page _____.

4. If you earned a satisfactory evaluation proceed to *"Information Sheet 3"*. However, if your rating is unsatisfactory, see your teacher for further instructions or go back to Learning Activity #2.

5. If you earned a satisfactory evaluation see your teacher for further instructions. However, if your rating is unsatisfactory, or go back to Learning Activity # 2.

6. Your teacher will evaluate your output either satisfactory or unsatisfactory. If unsatisfactory, your teacher shall advice you on additional work. But if satisfactory you can proceed to Learning Guide 3.

7. It is important to become familiar with the dffrent Journey Types and, when necessary, be able to translate their features for the benefit of our clients.
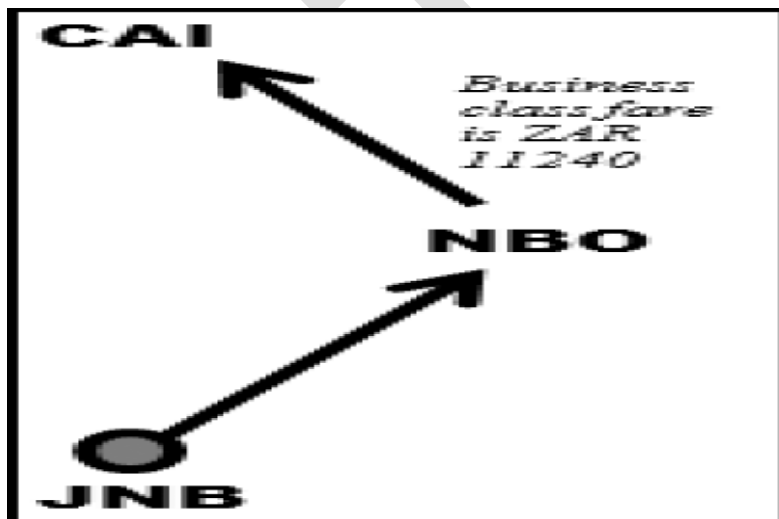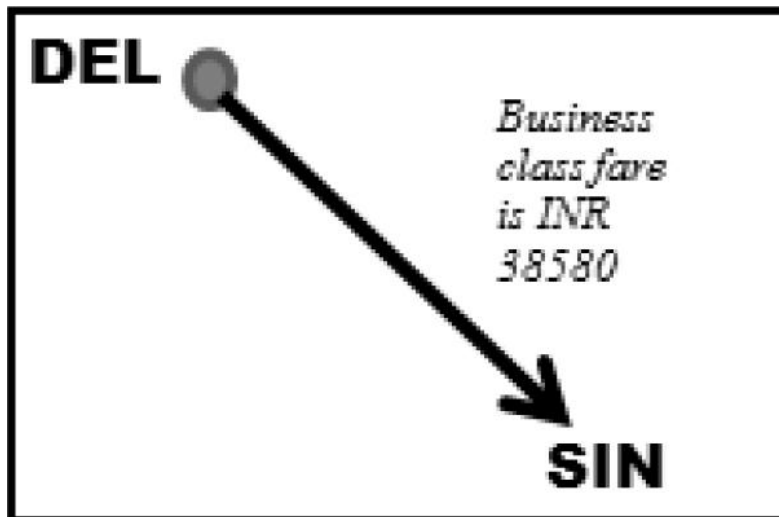
2.1 JOURNEY TYPES

International Journey Types

- One way journeys

- Return journeys

2.1.1 One way journeys

DEL → SIN

Business class fare is INR 38580

CAI ← NBO ← JNB

Business class fare is ZAR 11240

A one way journey has the following features:

• The origin and the destination are in different countries.

• As in the examples shown, one way journeys may have only one fare component: DEL-SIN and JNB-CAI.

2.1.2 Return Journeys
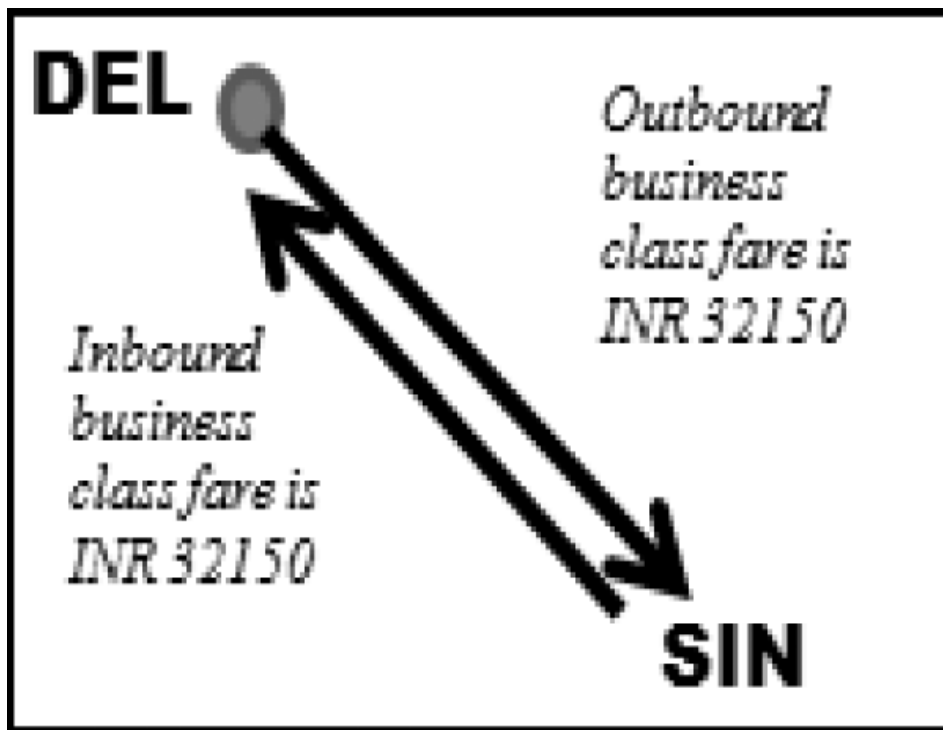
• Round Trip

• Circle Trip

• Open Jaw

➕ **Round Trip (RT)**

• For international journeys, a Round Trip is travel from a point of origin to a point of turnaround and back to the point of origin.
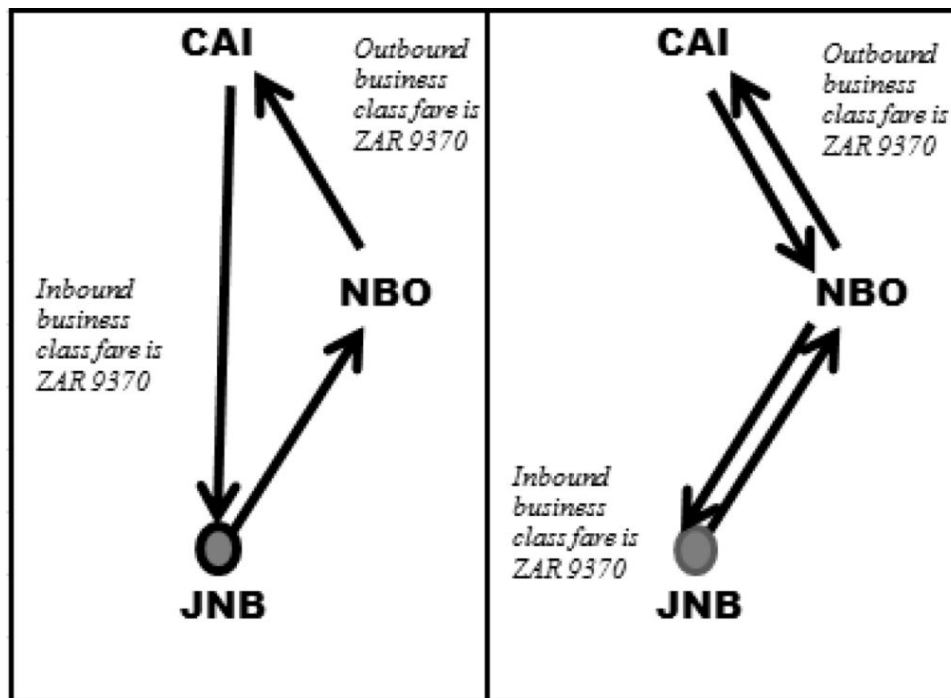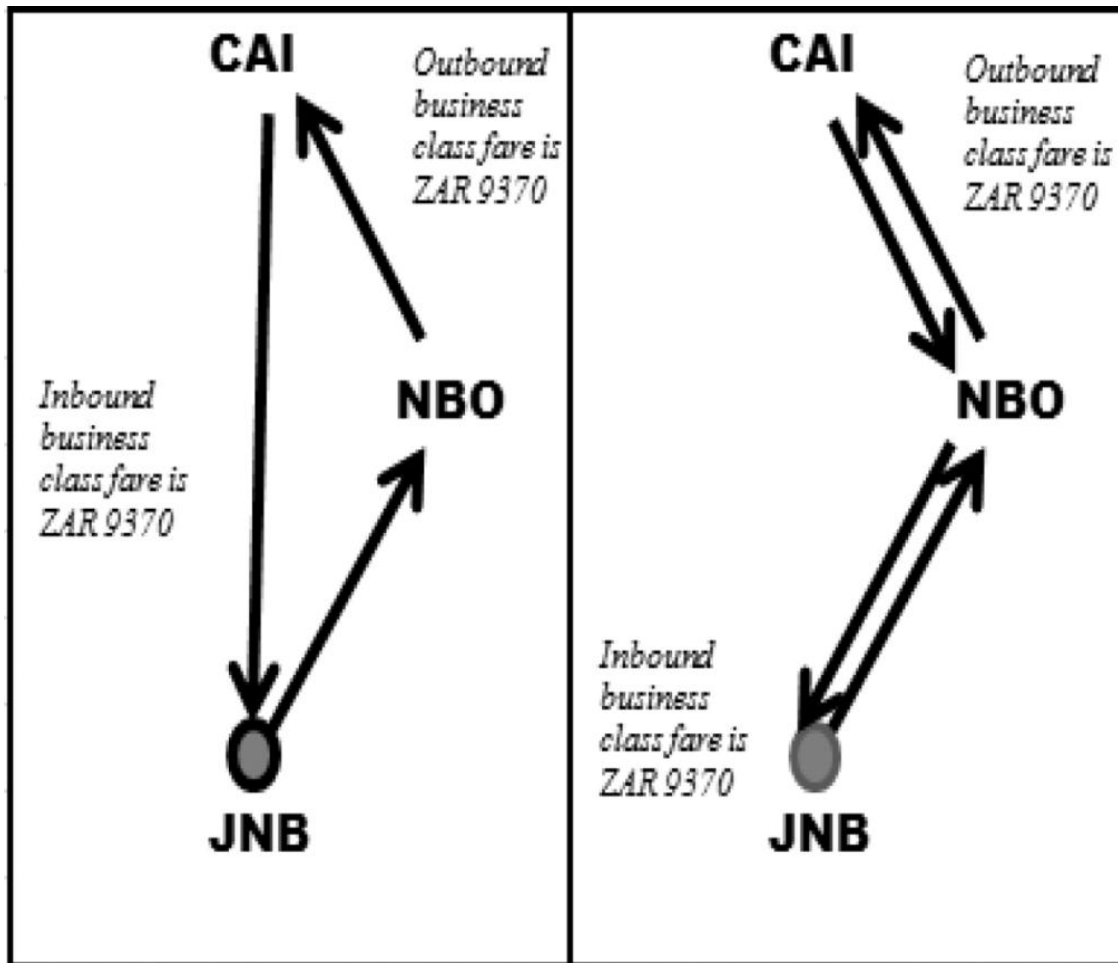
A Round Trip journey has the following features:

• The point of *origin* (DEL or JNB) and the point of *final destination*

   (DEL or JNB) are *the same*.

• A round trip journey has two fare components:

DEL-SIN + SIN-DEL/JNB-CAI + CAI-JNB.

• The first fare component (DEL-SIN or JNB-CAI) is called the outbound component and the second (SIN-DEL or CAI-JNB) is called the inbound component.

• Each fare component is priced using one-half (1/2) of the published roundtrip fare.

Circle Trip (CT)

• A Circle Trip involves travel from a point of origin and return to the same point via a continuous and circuitous air route.
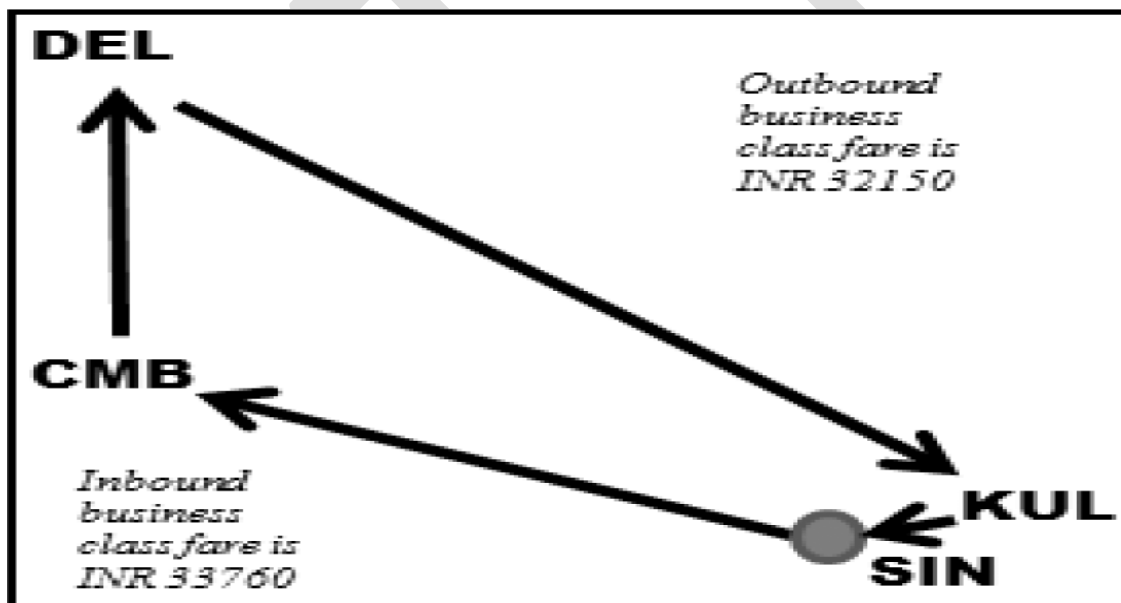
A Circle Trip journey has the following unique features:

• Unlike round trip journeys, the Circle Trip may have **more than two fare components** (this CT journey has only 2 fare components: SIN-DEL + DEL-SIN.

• Unlike round trip journeys, when there are only two fare components, the fare for the outbound component is not equal to the fare for the inbound (the outbound fare of INR 33760 is different from than the inbound fare of INR 32150).

➕ Open Jaw (OJ)

• In Open Jaw journeys, travel is from one country and return to the same country.

• However, unlike Round Trips and Circle Trips, the journey is interrupted by a break in the air journey called a *surface sector.*

An Open Jaw journey has the following features:

• Like Round Trips, Open Jaw journeys only have two international fare components, an outbound and an inbound.

• Like Round Trips, the components of Open Jaw journeys are priced using ½ RT fares.

• Like Round Trips, an open jaw journey represents one pricing unit (INR64300 is the fare for the DEL-KUL-SIN-BOM pricing unit).

• Unlike Round Trips, the point of departure and the point of final destination are not the same and/or the outward point of arrival and the inward point of departure are not the same.

• Unlike Round Trips, the fare for both fare components can be equal or different.

There are three different types of Open Jaw journeys

- **Origin Open Jaw journey**

- **Turnaround Open Jaw journey**

- **Double Open Jaw journey**

A. Origin Open Jaw journey

B. Turnaround Open Jaw journey

DEL

Outbound business class fare is INR 32150

Inbound business class fare is INR 32150

KUL

SIN

Double Open Jaw journey

DEL

BOM

Outbound business class fare is INR 32150

Inbound business class fare is INR 32150

KUL

SIN
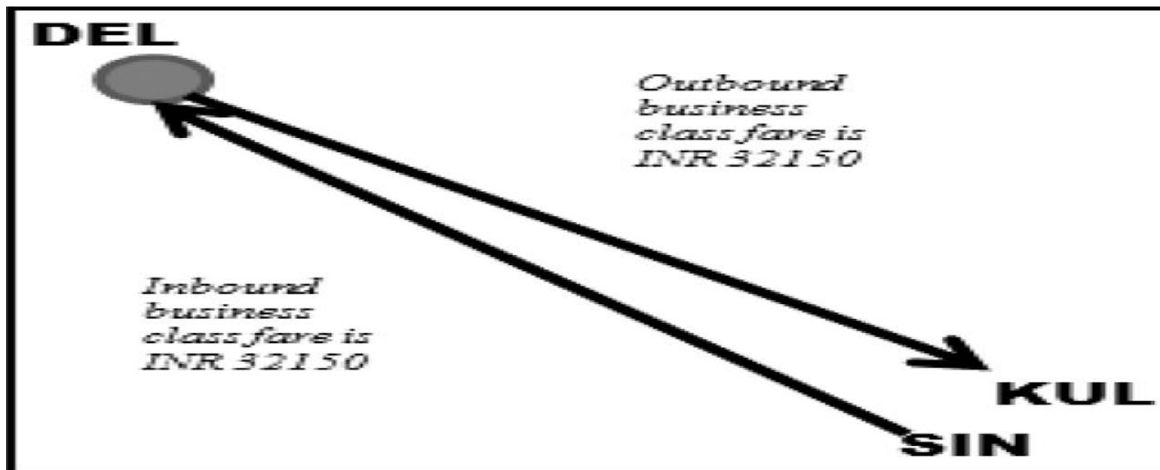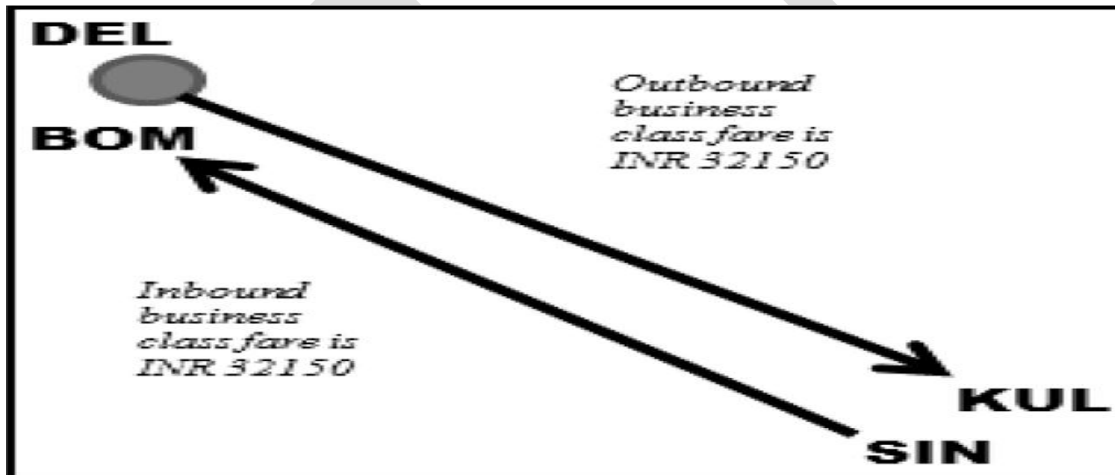
SELF-CHECK 2	**WRITTEN TEST**

Answer the following questions.

Directions: Describe the following Journey types

1. One Way (2 points)
2. Round Trip (3 points)
3. Circle Trip (3 points)
4. Open Jaw (2 points)

Note: Satisfactory rating - 10 points and above   Unsatisfactory - below 10 points

Answer Sheet

Score = _____

Rating: _____

Name: _____   Date: _____

Short Answer Questions

1. _____

2. _____

3. _____

4. _____

INFORMATION SHEET 3	**LO3- Calculate international pre-paid ticket advices**

3. **CALCULATE INTERNATIONAL PRE-PAID TICKET ADVICES**

This learning guide is developed to provide you the necessary information regarding the following content coverage and topics –

The Air fares

- IATA normal fares

- IATA special fares

- Airfares and Taxes

- Fare Rules & Regulations

- Local Currencies

- Fare selection

This guide will also assist you to attain the learning outcome stated in the cover page. Specifically, upon completion of this Learning Guide, you will be able to –

- Calculate pre-paid ticket advice for journeys commencing outside the country of sale according to IATA procedures.

Learning Activities

1.Read the specific objectives of this Learning Guide.

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	Compiled By:- Seid Yesuf and Alula Aklilu	

2. Read the information written in the "Information Sheets 3".

3. Accomplish the "Self-check" in page 42.

4. If you earned a satisfactory evaluation proceed to *"Information Sheet 4*. However, if your rating is unsatisfactory, see your teacher for further instructions or go back to Learning Activity #3.

5. Submit your accomplished Self-check. This will form part of your training portfolio.

6. Your teacher will evaluate your output either satisfactory or unsatisfactory. If unsatisfactory, your teacher shall advice you on additional work. But if satisfactory you can proceed to Learning Guide 4.

3.1 Air Fares

Establishing the correct fare is the most important part of selling air transportation. The correct fare is the lowest fare the passenger is legally entitled to. It is important to be familiar with this subject if you wish to provide good service and accurate advice to travel customers.

Errors in fare calculation may lead to the rejection of the ticket by airlines, can cause inconvenience to the passenger and incurs losses for the travel agency by way of ADMs (Agency Debit Memos).

Advantage

- Professional confidence
- Passenger convenience and satisfaction

PAT (Passenger Air Tariff)

- The Passenger Air Tariff (PAT) is an authoritative resource of passenger fares and rules information to the airline industry in printed form. This publication is produced by IATA.
- More than one fare is published between any city pair.
- The travel professional must be skilled in selecting the correct fare for a journey.
- In addition to identifying the correct global indicator and journey type, there are other factors to consider when selecting fares.
- These factors include the fare type, predominant carrier and conditions that govern the fare.

3.2 Type of fares

More than one fare is published between any city pair. The travel professional must be skilled in selecting the correct fare for a journey. In addition to identifying the correct global indicator and journey type, there are other factors to consider when selecting fares. These factors include the fare type, predominant carrier and conditions that govern the fare.

- IATA normal fares
- IATA special fares

Normal versus Special (Promotional) Fare Types

- International long-haul flights such as London-Singapore or Paris-Chicago tend to have a three-class configuration:

• a first class cabin

• a business class cabin (also called intermediate class)

• an economy class cabin

■ There are principally two types of fares that can exist for travel in any class: normal and special fares.

IATA normal fares

• In general, *normal fares offer greater flexibility to the passenger.*

• allow passengers to make changes without paying a penalty and they are refundable when they are not used.

• These are particularly suited to travelers who often travel on short notice and may need to change travel plans at any time.

• However normal fares are the most expensive.

IATA special fares

• *Special or promotional fares are considerably lower than normal fares for* the same route. As a result, they are more **restrictive**.

• They may carry a penalty fee for changes to reservations and they offer limited or no refund if never used.

• Advance purchase requirements

• Payment and ticketing time limits

Standard Conditions

■ Normal and special fares are governed by *Standard Conditions*.

■ These are general principles that describe how to apply a fare.

- The principles of Standard Conditions are set by the airline industry and apply to IATA YY fares.
- There are two Standard Conditions:

• Standard Condition 100 (SC100) for special fares.

• Standard Condition 101 (SC101) for normal fares.

- When selecting a fare for a routing, we must ensure that the rules of SC100 or SC101 apply.

✚ Basic Elements of Air fares

1. Class of service
- First Class
- Business/club/ambassador/connoisseur
- Coach/Economy
- Excursion fares-lowest, restrictive, advance purchase, book same carrier for outbound & return, Minimum stay, penalities…

3.3 Fare Rules & Regulations

- Air Tariff rules involves ;
- Minimum/Maximum Stay
- Advance Purchase
- Validity Date
- Eligibility
- Routing

> ➤ Penalties

> ➤ Other Restrictions

Fare Basis

- A price category determined by class of Svc. & factors like destination, season, day of the week, OW/RT, AP, or Length of stay

- Each fare has a primary code & 1 or more secondary codes

   E.g. BAP7- Business class with 7 days AP prior to departure

- ❑ Other Fare basis code- AP/Maximum Stay

E.g. Y3 – Coach class valid only for departure on Wednesday

BTU- Discounted coach fare valid only for departure on Tuesday

BAP 21 – Discount coach fare with AP 21 days before departure

3.4 Local Currency Fares

- International fares are published in the **Local Currency Fare** which is usually in the national currency of the country of commencement of international transportation.

- For example, international fares from Malaysia are denominated in Malaysian Ringgit which is the national currency of Malaysia.

- You will know which currency is used for publishing international fares by checking the table of IATA Rates of Exchange or the header of the Headline or "From" City in any Fares book of the PAT.

"From City" header showing Malaysian Ringgit as the national currency for fares from Malaysia

FARE TYPE	LOCAL CURRENCY	NUC	CARR CODE	RULE	GI MPM & ROUTING
PENANG (PEN) MALAYSIA					MALAYSIAN RINGGIT (MYR)
To HONOLULU (HNL)					PA 8410
C	6757	1924.74	KE	P0100	PA
F	9414	2681.59	KE	P0100	PA
RBIZ	12163	3464.64	KE	P0127	PA
QLAPBO	1932	550.33	KE	P0129	PA 0145
QLAPB	3508	999.25	KE	P0165	PA 0145

- However, there are groups of countries that express their Local Currency Fares in a currency other than their original national currency. These countries are divided into two main groups namely:
- **US dollar (USD) countries**

The below Figure shows an example of a city in Argentina whose international fares are expressed in US dollars, even though the local currency is the Argentine Peso.

FARE TYPE	LOCAL CURRENCY		NUC	CARR CODE	RULE	GI MPM & ROUTING

BUENOS AIRES (BUE)

ARGENTINA   **US DOLLAR (USD)**

To AUCKLAND (AKL)

					PN	15194
					PA	7700
Y	2199	2199.00	X1100	PA		
Y	1596	1596.00	X1100	PA		
C	2092	2092.00	X1100	PA		
CX	2642	2642.00	X1100	PN		
CW	2775	2775.00	X1100	PN		
F	2953	·2953.00	X1100	PA		
FX	3915	3915.00	X1100	PN		
FW	4109	4109.00	X1100	PN		
YLPX	2102	2102.00	X1103	PN		
YLPX	1571	1571.00	X1103	PA		
YHPX	2240	2240.00	X1103	PN		
YHPX	1683	1683.00	X1103	PA		
YLEE6M	2244	2244.00	X1101	PN		
YLEE6M	1795	1795.00	X1101	PA		
YHEE6M	2416	2416.00	X1101	PN		
YHEE6M	1932	1932.00	X1101	PA		

Countries Pubishing Fares in Euro

Additionally, at the time of publication of this edition, passenger fares and excess baggage charges are established in euros for the following countries that do not have the euro as their national currency:

- Albania
- Armenia
- Azerbaijan
- Belarus
- Bosnia and Herzegovina

- Bulgaria

- Cape Verde Islands

- Croatia

- Georgia

- Kyrgystan

- Latvia

- Lithuania

- Macedonia

- Moldova

- Romania

- Russia

- Serbia

- Tajikistan

- Turkey

- Turkmenistan

- Uzbekistan

Currency Conversion Rates

To calculate fares, rates or charges in currencies listed below:				Multiply NUC fare rate/ charge by the following rate of exchange:	And round up the resulting amount to the next higher unit as listed below:			
Country (+ local currency acceptance limited)	Currency Name	ISO Codes		From NUC	Rounding Units			
		Alpha	Numeric		Local Curr. Fares	Other Charges	Decimal Units	Notes
Ethiopia	US Dollar	USD	840	1.000000	1	0.1	2	5
+ Ethiopia	Ethiopian Birr	ETB	230	8.885500	1	1	0	2, 8
Faroe Isl.	Danish Krone	DKK	208	5.672800	5	1	0	8
Falkland Islands	Falkland Pound	FKP	238	0.518602			2	
Fiji Islands	Fiji Dollar	FJD	242	1.682009	1	0.1	2	8
Finland	euro	EUR	978	0.761600	1	0.01	2	8
France	euro	EUR	978	0.761600	1	0.01	2	8

- When a country displays two currencies, i.e. its ethnic currency and the US Dollar, read the accompanying notes to find out which currency must be used as the Local Currency Fare.
- For example, in Figure 5.3, Ethiopia shows both the USD and the ETB. However, Note 2 alongside the ETB states that international fares should be quoted in US Dollars instead

of the Birr. Hence, the IROE for the Ethiopian Birr must be ignored when calculating international fares from Ethiopia.

- The IROE can be used in two ways:

1. To convert the Local Currency Fare (LCF) into NUC, use division.

   Example: LCF into NUC:

   MUC ABZ Y EUR 858.00

   ÷ IROE 0.761600 (based on COC: Germany)

   = NUC 1126.57

2. To convert the NUC into local currency, use multiplication.

   Example: NUC into NZD:

   AKL SIN Y NUC 1893.61

   x IROE 1.463335 (based on COC New Zealand)

   = NZD 2771.00

SELF-CHECK 3	**WRITTEN TEST**

Answer the following questions.

Name: _____   Date: _____

Directions: Explain the following questions.
1. Normal Fares (2 points)
2. Special Fares (2 points)
3. Fare Rules and regulations (2 points)
4. Passenger Air Tariff (2 points)
5. Fare Basis (2 points)

Note: Satisfactory rating - 10 points and above   Unsatisfactory - below 10 points

Answer Sheet

Score = _____

Rating:

Name: _____   Date: _____

Short Answer Questions

1. _____

2. _____

3. _____

4. _____

5. _____

6. _____

INFORMATION SHEET 4	**LO1- 4 APPLY INDIRECT TRAVEL LIMITATION RULES**

4. APPLY INDIRECT TRAVEL LIMITATION RULES

This learning guide is developed to provide you the necessary information regarding the following content coverage and topics

- Fare construction rules

- The Maximum Permitted Mileage or MPM;

- The Ticketed Point Mileage or TPM;

- The Extra Mileage Allowance or EMA;

- The Excess Mileage Surcharge or EMS.

This guide will also assist you to attain the learning outcome stated in the cover page. Specifically, upon completion of this Learning Guide, you will be able to –

- Calculate sectaries journeys and side trips with complete accuracy and document according to IATA procedures.

Learning Activities

1. Read the specific objectives of this Learning Guide.

2. Read the information written in the "Information Sheets 4".

3. Accomplish the "Self-check" in page 51.

4. If you earned a satisfactory evaluation proceed to *"Information Sheet 5*. However, if your rating is unsatisfactory, see your teacher for further instructions or go back to Learning Activity #4.

5. Submit your accomplished Self-check. This will form part of your training portfolio.

6. Your teacher will evaluate your output either satisfactory or unsatisfactory. If unsatisfactory, your teacher shall advice you on additional work. But if satisfactory you can proceed to Learning Guide 5.

4.1 Fare Construction Rules

Construct the fare using the basic elements of the mileage system, namely:

• The Maximum Permitted Mileage or MPM;

• The Ticketed Point Mileage or TPM;

• The Extra Mileage Allowance or EMA;

• The Excess Mileage Surcharge or EMS.

Maximum Permitted Mileage or MPM;

• The first element in the Mileage Principle is the MPM

• It is the maximum distance in air miles that the passenger is allowed to travel between the origin and destination of a fare component.

Ticketed Point Mileage or TPM;

• It is the actual distance traveled between sectors in a fare component.

- The TPM unlike fares remain the same in either direction

🞣 **Extra Mileage Allowance or EMA;**

- The EMA is a TPM Deduction or published bonus mileage that is deducted from the total TPM. Such mileage deduction depends on the area/sub-area location of the origin/destination and via points of the fare component.

🞣 **The Excess Mileage Surcharge or EMS**

- In such cases, the TPM still exceeds the MPM and it becomes necessary to impose a surcharge.

- Surcharges vary from 5% to 25% and are determined by a simple formula. With a calculator, divide the TPM total by the MPM. If the result is: Surcharge the fare by:

Over 1.00000 but not higher than 1.05 .... **5%**

Over 1.05000 but not higher than 1.10....................................... **10%**

Over 1.10000 but not higher than 1.15....................................... **15%**

Over 1.15000 but not higher than 1.20 .... **20%**

Over 1.20000 but not higher than 1.25....................................... **25%**

Steps	Application for a single OW component
FCP	Identify fare construction points of the fare component.
NUC	Quote the Neutral Unit of Construction from fare component origin to destination based on GI, fare type & carrier.
RULE	Identify the rule number
MPM	Note the Maximum Permitted Mileage between the origin and destination of the fare component.
TPM	Add up the Ticketed Point Mileages and compare the sum with the MPM.
EMA	If the total TPM exceeds the MPM, look for an Extra Mileage Allowance or TPM Deduction.

Ato Bekele needs to move from ADD to TIP? Cost?

EMS	If the EMA is nil or insufficient, determine the Excess Mileage Surcharge by dividing TPM by MPM.
AF	Determine the resulting applicable fare in NUC.
IROE	Multiply by the IATA Rate of Exchange based on the COC.
LCF	1. Round the resulting Local Currency Fare

Fare Type: F

TPMs GI Journey

      ADD

1500   EH   NBO   KQ

2000   EH   BKO   KQ

2500   EH   TIP   KQ

FARE   NUC 2500.00

RULE   Y144

MPM   7000 M

TPM   6000

EMA   500

Fare Construction

FCP   ADDCAI

NUC   F OW3500.00

RULE   F144

MPM   EH 7000 M

TPM   3500

EMA   (-600) 2900

EMS   M

AF   NUC 3500.00

IROE   X 1.00

LCF   USD 3500.00 ~ USD 3500.00

Fare Calculation

ADD ET NBO KQ CAI 3500.00NUC3500.00END ROE1.00

Fare Type: F

TPMs   GI   Journey

ADD

1500   EH   NBO ET

2000   EH   CAI   KQ

FARE   NUC 3500.00

RULE   F144

MPM   7000 M

TPM   3500

EMA   600

Fare Calculation

ADD ET NBO KQ CAI 3500.00NUC3500.00END ROE1.00

Fare Type: F

TPMs   GI   Journey

ADD

1500   EH   NBO ET

2000   EH   CAI   KQ

FARE   NUC 3500.00

RULE   F144

MPM   7000 M

TPM   3500

EMA   600

Fare Construction

FCP   ADDCAI

NUC   F OW 3500.00

RULE   F144

MPM   EH 7000 M

TPM   4000

EMA   (-600) 3400

EMS   M

AF   NUC 3500.00

IROE   X 1.00

LCF   USD3500.00 ~ USD3500.00

Fare Calculation

ADD ET NBO KQ CAI M3500.00NUC3500.00END ROE1.00

Fare Type: Y1

TPMs   GI Journey

                CCS

1713   WH   LIM   DL

1527   WH   SCL   BA

710   WH   BUE   LH

FARE   NUC 1813.00
RULE   X2600
MPM   3814 M
TPM   3950
EMA   400

Fare Construction
FCP   ADDJIB
NUC   Y OW 3000.00
RULE   Y744
MPM   EH 5000 M
TPM   4200
EMA   (-100) 4100
EMS   M
AF   NUC 3000.00
IROE   X 1.00
LCF   USD 3000.00 ~ USD 3000.00

Fare Calculation
ADD ET KGL ET JIB M3000.00NUC3000.00END ROE1.00

SELF-CHECK 4	WRITTEN EXAM

Answer the following questions.

Instruction: Describe the following fare construction elements?

1. The Maximum Permitted Mileage or MPM

2. The Ticketed Point Mileage or TPM

3. The Extra Mileage Allowance or EMA

4. The Excess Mileage Surcharge or EMS

Note: Satisfactory rating - 10 points and above   Unsatisfactory - below 10 points

Answer Sheet

Score = _____

Rating: _____

Name: _____   Date: _____

Short Answer Questions

1. _____

2. _____

3. _____

4. _____

INFORMATION SHEET 5	LO1- 5 CONSTRUCT ROUND THE WORLD JOURNEYS

5. CONSTRUCT ROUND THE WORLD JOURNEYS

This learning guide is developed to provide you the necessary information regarding the following content coverage and topics –

- Higher Intermediate Point Check

- Comparison of Fare Types

This guide will also assist you to attain the learning outcome stated in the cover page. Specifically, upon completion of this Learning Guide, you will be able to –

- Identify situations where round the world fares are appropriate to meet the needs of the customer.
- Accurately calculate fares and apply round the world minimum checks according to IATA procedures.

Learning Activities

1. Read the specific objectives of this Learning Guide.

2. Read the information written in the "Information Sheets 5".

3. Accomplish the "Self-check" in page 58-59.

4. If you earned a satisfactory evaluation proceed to *"**Information Sheet 5***. However, if your rating is unsatisfactory, see your teacher for further instructions or go back to Learning Activity #5.

5. Submit your accomplished Self-check. This will form part of your training portfolio.

6. Your teacher will evaluate your output either satisfactory or unsatisfactory. If unsatisfactory, your teacher shall advice you on additional work. But if satisfactory you can proceed to Learning Guide 5.

5.1 Higher Intermediate Point Check (HIP)

The sample routings showed the use of the basic elements of the mileage system without going in to the fare checks but from now on such checks would have to be applied. The first of the increase checks is the Higher Intermediate Point Check or better known as the HIP check.

The Higher Intermediate Point rule is an integral part of the mileage system formula. It is a fare component check which ensures that the fare in NUC from fare component origin to fare component destination is not lower than the NUC from/to any intermediate ticketed point in the same component. Comparison of NUCs must be in the same class of service.

When applying the HIP check, you have to look for an NUC that is higher than the origin to destination fare following the direction of the fare component, i.e.

1.   from the fare component origin to any intermediate stopover point

2.   from an intermediate stopover point to another intermediate stopover point

3.   from an intermediate stopover point to the destination of the fare component

As a general rule, the HIP check is conducted to/from all intermediate stopover points in the itinerary ignoring those points that are just connections.

In practice, you may take a shortcut by checking only those points that are likely to produce a higher fare. The candidates for the HIP are usually points which are further apart in distance or have strong currencies. You may also ignore short domestic sectors in favor of longhaul ones especially those points that are located in two different areas/subareas.

When the HIP check does not produce a higher fare, then the HIP is nil. This means that the applicable fare to be charged is the fare from the origin to the destination plus mileage surcharge if any.

When the HIP check produces a higher fare, you have to replace the initial fare from the origin to the destination with the higher intermediate fare.

Moreover, if there is a mileage surcharge, you should apply the EMS on the higher intermediate point fare.

Retrace the steps in the following examples to practice the above points.

Example 1:

Fare Type: Y

TPMs		Journey	
		MAD	
909	EH	AMS	IB
6007	TS	X/TYO	KL
1822	EH	HKG	JL

Fare Construction:

FCP	MAD HKG
NUC	Y OW (TS) 5617.12
RULE	Y146
MPM	TS 10340
TPM	8738 M
HIP	Y OW (TS) NUC 6507.35 AMS HKG RULE Y146

AF	6507.35
CHECK	NIL
TOTAL	NUC 6507.35
IROE	X 0.761600
LCF	EUR 4955.99 ~ (H1) EUR 4956.00

Fare Calculation Box:

Fare Calculation

MAD IB AMS KL X/TYO JL HKG M AMSHKG6507.35 NUC6507.35END ROE0.761600

5.2 Using Secondary Fares for the HIP

When there are two or more fares published for the same type of normal fare, you may use the lower or lowest level for the HIP check.

However, such lower/lowest level may only be quoted after complying with the number of stopover/transfers, seasonality (including black-out dates) and day of week limitations and flight application of such fare.

Example:

Fare type: Normal Y levels
TPMs   Journey
SEL
529 EH   OSA   OZ
3141 EH   X/ POM   PX
1745 EH   SYD   QF
Fare Construction:

FCP   SEL SYD
NUC   Y OW (EH) 1539.20
RULE   Y277
MPM   EH 6212
TPM   5415
EMA   NA EMS   M

HIP   Y2 OW (EH) NUC 2302.51 OSA SYD
RULE Y365 - 2 transfers but no stopovers between OSA & SYD AF   2302.51

CHECK   NIL
TOTAL   NUC 2302.51
IROE   X 948.150000
LCF   KRW 2183124.8 ~ (H100) KRW 2183200Fare Calculation Box:

Fare Calculation

SEL OZ OSA PX X/POM QF SYD M OSASYD2302.51NUC 2302.51END ROE948.150000

When there are two or more fares published for the same type of normal fare, you may use the

lower or lowest level for the HIP check subject to stopover, transfer, seasonality/day of week,

flight application conditions, including blackout dates.

Rule Y365 allows the use of the secondary fare instead of the primary fare provided the number of stopovers and transfer conditions of such fare are complied with.

When counting the number of stopovers and transfers for the HIP sector, you only have to focus on the alleged HIP portion between OSA and SYD. Between OSA and SYD, there is only one transfer which is POM. POM is also a connecting (no stopover) point. Therefore, as the conditions of the secondary fare are met, instead of using the primary Y, you are allowed to use this lower Y2 fare as the fare for OSA SYD.

If this secondary fare is still higher than the origin to destination fare from SEL to SYD, then there is an HIP from OSA to SYD based on the Y2 fare level.

5.3 Comparison of Fare Types

When comparing normal fares for HIP purposes, you must compare fares that are in the same class of service. For example, you must compare:

• P class fare with P fare; if no P fare, compare with F fare.

• F class fare with F class fare; if no F fare, compare with intermediate/ business class fare OR if no J/C, use next lower class fare;

• J/C class fare with J/C class; if no J/C fare, compare with Y class fare; provided that where more than one Y class fare is published, compare with the highest Y fare (instead of the Y2 fare);

• Y class fare with economy fare levels (like Y2 fare, provided the number of stopovers and transfer conditions are met).

SELF-CHECK 5	MULTIPLE CHOICE

Answer the following questions.

Instruction: choose the correct answer among the given alternatives.

1. The Circle Trip Minimum check ensures that the fare for a journey ending at the point of origin is not _____ the highest direct RT fare from the point of origin to any stopover point in the journey's routing.

   (a) Equal to

   (b) Less than

   (c) Higher than

2. Which is true?

   (a) When a secondary fare is the applicable CTM, its rules must apply to the journey.

   (b) The fare breakpoint is normally the point having the lowest MPM from origin.

   (c) A CTM adjustment is the difference between the CTM fare and the CT Subtotal.

   (d) The HIP check does not apply to Circle Trip journeys.

3. When pricing a circle trip journey, which is the first condition for changing the fare breakpoint?

(a) The journey's total fare is lower than the CTM fare

(b) The journey's total fare is higher than the CTM fare

(c) The journey's total fare is equal to the CTM fare

Answer Sheet

Note: Satisfactory rating - 10 points and above   Unsatisfactory - below 10 points

Score = _____

Rating:

Name: _____   Date: _____

1. _____
2. _____
3. _____

INFORMATION SHEET 6	LO6- CONSTRUCT FARES FOR OPEN JAW JOURNEYS

6. CONSTRUCT FARES FOR OPEN JAW JOURNEYS

This learning guide is developed to provide you the necessary information regarding the following content coverage and topics –

- Round Trip and Circle Trip Fare Construction

- Selecting a Fare Break Point

- The RT and CT Fare Construction Formula

This guide will also assist you to attain the learning outcome stated in the cover page. Specifically, upon completion of this Learning Guide, you will be able to –

- Identify options where open jaw journeys are allowed and appropriate to meet the needs of the customer.

- Accurately calculate open jaw journey fares according to IATA procedures.

Learning Activities

1. Read the specific objectives of this Learning Guide.

2. Read the information written in the "Information Sheets 6".

3. Accomplish the "Self-check" in page 71-72.

4. If you earned a satisfactory evaluation proceed to *"Information Sheet 7*. However, if your rating is unsatisfactory, see your teacher for further instructions or go back to Learning Activity #6.

5. Submit your accomplished Self-check. This will form part of your training portfolio.

6. Your teacher will evaluate your output either satisfactory or unsatisfactory. If unsatisfactory, your teacher shall advice you on additional work. But if satisfactory you can proceed to Learning Guide 7.

6.1 Round Trip and Circle Trip Fare Construction

The following are characteristics of **round trip** (RT) journeys:

• Travel entirely by air from a point to another point and return to the original point.

• They have **only two** fare components.

• Half round trip fares are used to price round trip journeys.

• The half roundtrip fare for the outbound (OB) fare component is equal to the half roundtrip fare for the inbound (IB) fare component when the journey's components are flown in the same class of service, the same seasonality (low, high or shoulder), day of week (weekday or weekend) or carrier.

🞣 **Circle Trip (CT)**

The following are characteristics of **circle trip** (CT) journeys:

• Travel entirely by air from a point to another point and return to the original point.

• Normal fare circle trips have <u>two or more</u> fare components. Special fare (or promotional fare) circle trips can only have two fare components which will be explored in a later unit in this module.

• <u>Half round trip fares</u> are used to price circle trip journeys.

• The half roundtrip fare for the outbound (OB) fare component is <u>different</u> from the half roundtrip fare for the inbound (IB) fare component when the journey's outbound and inbound routings are flown in the same class of service, the same seasonality (low, high or shoulder), day of week (weekday or weekend) or carrier.

6.2 Selecting a Fare Break Point

Each fare component of a round or circle trip journey must be priced separately. The fare for each fare component is then summed up to establish the fare for the complete journey.

When a journey returns to the point of journey origin and it comprises of only two flight segments, it is simple to determine the fare breakpoint. The fare breakpoint divides the journey into two halves, establishing an *outbound* fare component and an *inbound* fare component.

For example, refer to the following itinerary:

AA 131 Y 13NOV 2 LHRJFK HK1   1600   1855

AA 100 Y 22NOV 4 JFKLHR HK1   1820   0625

The journey is from London to New York City and back to London. It is logical that the fare breakpoint is NYC. NYC divides the journey into two fare components. The outbound fare component is from LON to NYC and the inbound fare component is the portion from NYC back to LON.

However, not all return journeys comprise of only two direct flights. Sometimes journeys may require several flight segments and perhaps a stop in multiple destinations.

For example:

```
VK  807  C  10MA  6  LOSACC  1035  1040  10MAR  E  0  73
MS  882  C  15MA  4  ACCCAI  1335  2110  15MAR  E  0  73
MS  610  C  20MA  2  CAIKWI  0925  1255  20MAR  E  0  33
EK  856  C  25MA  7  KWIDXB  0940  1215  25MAR  E  0  77
EK  781  C  30MA  5  DXBLOS  1400  1855  30MAR  E  0  34
```

Such return journeys make it more challenging to determine the fare construction point and identify the outbound and inbound fare components. For the example above, is the fare construction point ACC, CAI, KWI or DXB?

As a *general rule*, a return journey must be broken at the point farthest from the origin. To identify the farthest point, you have to measure the distance in terms of the highest MPM. So the ticketed point in a return journey that produces the highest Maximum Permitted Mileage (MPM) from the point of origin is generally the fare breakpoint.

Sometimes another break point (one that is not the furthest from origin) may produce a lower fare as long as the point has a sufficient MPM.

You may also break the journey at a connecting point (a point marked with an X/) if the connecting point is the furthest point or a point that produces the lowest possible fare. Hence, the fare breakpoint may be a stopover or a connecting point. However, if a connecting point is selected as the fare break point, HIPs to and from the connecting point apply to the process of pricing the journey.

The best approach is to first break the fare at the furthest point from origin (which is the point producing the highest MPM) and then try using alternative ticketed points as breakpoints to see if the fare can be reduced.

6.3 General Guidelines for Selecting Fares Applicable to Return Journeys

Fare Type	OW/RT	Local Currency	NUC	Carrier Code	Rule	GI	MPM	Routing
Y	OW	1796.00	3463.15		Y046	EH	3313	
Y	RT	2763.00	5327.78		Y046	EH	3313	
C	OW	2738.00	5279.57		Y046	EH	3313	
C	RT	4211.00	8119.90		Y046	EH	3313	
F	OW	3500.00	6748.91		Y046	EH	3313	
F	RT	5383.00	10379.82		Y046	EH	3313	
YLPX2M	RT	1104.00	2128.80		Y060	EH	3313	
YHPX2M	RT	1251.00	2412.25		Y060	EH	3313	
YEE3M	RT	1708.00	3293.46		Y058	EH	3313	

Figure 6.1—Fares from London to Ouagadougou

Using Figure 6.1, if a customer wants to travel one way from London to Ouagadougou in business class, quote the direct C fare from LON to OUA which is NUC 5279.57 (EH).

However, if the customer is travelling LON - OUA - LON in C class, you take the C RT fare of NUC 8119.90 and divide this by two to price each fare component (NUC 8119.90 ÷ 2 = NUC 4059.95 per fare component). The outbound and inbound fare components of round trip journeys are then priced at equal amounts.

Remember the following guidelines when pricing round trip and circle trip journeys:

1. Apply the basic fare construction steps of the mileage system and HIP check to each fare component.

2. Divide the published RT fare by two to get the ½RT fare for each fare component. If there is no published RT, use the OW as the half RT fare.

3. A CT may have two or more fare components. However, in this module, you will only cover CTs with only two fare components.

4. The outbound fare component will be priced in the actual direction flown. The inbound fare component will normally end in the country of origin which will be priced in the reverse direction of travel. Thus the FCP of each fare component will involve the same city pair.

Example of RT journey in which the second fare component (GVA-RIX) is priced in reverse direction of travel:

GVA

X/STO LX   M

RIX   BT   1459.12   Use ½ RT fare from GVA to RIX

VIE   OS   M

GVA   VO   1459.12   Use ½ RT fare from GVA to RIX

There is an exception on the fare direction for journeys flown entirely within Scandinavia and between Canada/USA. Fare components within Scandinavia (example: STO–SK–OSL–SK–STO) and between US and Canada (example: LAX–AC–YVR–AC–LAX) must be priced in the actual direction of travel.

Once you have completed this module study and you move on to study the next level of fare construction, you will deal with circle trips priced with more than two fare components and one of the fare components may be priced in the actual direction of travel.

5. For HIP checks, check the fares from the point of origin to each stopover point, from

each intermediate stopover point to the fare breakpoint and between ticketed stopover points in the same direction as the fare component.

6. If a sector has two or more fares of the same type such as Y1 and Y2 fare levels, you may use the lower or lowest level provided the conditions of the rule are met. For HIP purposes, it is vital to check the following conditions:

- the number of stopovers

- transfers

- midweek/weekend

- seasonal

- applications

- flight applications

7. For Circle Trips, apply the **Circle Trip Minimum check** (CTM check) by looking for the point to point RT fare from the point of origin to the highest rated stopover point.

6.4 The RT and CT Fare Construction Formula

The fare construction formula for Roundtrip and Circle Trip journeys is defined in Table 8.1. The formula is created with two columns, one for pricing the outbound fare component and another for pricing the inbound fare component. Read each step and note that the HIP check applies to RT and CT journeys.

The formula introduces a new check which is *applicable to Circle Trip journeys only*. This is

the Circle Trip Minimum (CTM) Check. The process begins by pricing each fare component separately and then combining the fares applicable to each fare component into one fare for the entire journey.

Read the explanation for each step of the formula carefully before you begin to price RT and CT journeys.

APPLICATIO	
To decide the fare breakpoint for a RT or CT journey, it is best to find the MPM from the point of origin to each ticketed point and choose the point with the highest MPM from origin.	

Steps for each fare component

	Fare Component 1 (Outbound)	Fare Component 2 (Inbound)
FCP Fare Construction Point	Select a fare breakpoint and identify the origin-destination fare construction points of the component. The fare breakpoint is the farthest geographical point from origin.	Select a fare breakpoint and identify the origin-destination fare construction points of the component. The fare breakpoint is the farthest geographical point from origin.
NUC Neutral Unit of Construction	Select the applicable RT fare from origin to the destination in NUC based on the GI, fare type and carrier code. Identify the dominant carrier for the fare component for the purpose of selecting fares. Divide the fare by 2 and apply the 1/2 RT	Select the applicable RT fare from origin to the destination in NUC based on the GI, fare type and carrier code. Identify the dominant carrier for the fare component for the purpose of selecting fares. Divide the fare by 2 and apply the 1/2 RT

RULE	Verify the conditions of the rule, especially: • the number of stopovers • stopover charges • number of permitted transfers • applicable seasonality/day of week/blackout dates • flight application conditions	Verify the conditions of the rule, especially: • the number of stopovers • stopover charges • number of permitted transfers • applicable seasonality/day of week/blackout dates • flight application conditions
MPM Maximum Permitted Mileage	Determine if a specified routing applies to the fare component. If not, record the published MPM for this fare component.	Determine if a specified routing applies to the fare component. If not, record the published MPM for this fare component.
TPM Ticket Point Mileage	Record the Ticketed Point Mileage between points for each sector of the fare component. Add up the TPMs and compare the total with the MPM.	Record the Ticketed Point Mileage between points for each sector of the fare component. Add up the TPMs and compare the total with the MPM.
EMA Extra Mileage Allowance	If TPM is higher than MPM, look for a TPM Deduction. When the TPM > MPM, refer to the EMA tables to find a deduction amount on the total TPM amount which may reduce the TPM total.	If TPM is higher than MPM, look for a TPM Deduction. When the TPM > MPM, refer to the EMA tables to find a deduction amount on the total TPM amount which may reduce the TPM total.

	APPLICATION	
	If the EMA is nil or insufficient, determine the excess surcharge percentage. Assessing Excess Mileage Surcharges. Divide the TPM by the MPM. Ig the result is: over 1.00000 but not higher than 1.05 .... 5%	If the EMA is nil or insufficient, determine the excess surcharge percentage. Assessing Excess Mileage Surcharges. Divide the TPM by the MPM. Ig the result is: over 1.00000 but not higher than 1.05 .... 5%
HIP Higher Intermediate Point	Look for a Higher Intermediate Point fare in the direction of the fare component. Check fares from:	Look for a Higher Intermediate Point fare in the direction of the fare component. Check fares from:
RULE	Apply the rules of HIP fare.	Apply the rules of HIP fare.
AF Applicable Fare	Determine the resulting applicable fare in NUC.	Determine the resulting applicable fare in NUC.
	Remaining steps applicable to the entire journey	
SUBTOTAL	Add the AF NUCs for the outbound and inbound fare components	

	For Circle Trip (CT) journeys, look for the direct RT NUC fare from the point of origin to the highest rated intermediate stopover point in the journey.
	Get the sum of all the NUCs including Plus ups for CTM, Q surcharges and any
IROE **IATA Rate of** **Exchange**	1. Multiply NUC by the IATA Rate of Exchange. 2. Drop trailing zeroes, if any.
LCF **Local** **Currency**	Round the resulting Local Currency Fare.

SELF-CHECK 6	MULTIPLE CHOICE

Answer the following questions.

Instruction: choose the correct answer among the given alternatives.

1. How is a RT journey different from a CT journey?

(a) A RT has only one fare component and a CT has two fare components

(b) A RT ends at the point of origin and a CT does not end at origin

(c) A RT has equal OB/IB fares and a CT has different OB/IB fares

(d) A RT is priced with OW fares and a CT is priced with ½ RT fares

For questions 2 to 5, refer to the list of fares and MPMs below. Journey:

SAO
PAR
STO
X/LON
MAD
BRU
LON

SAO

AT	MPM	C RT NUC	C ½RT NUC
SAO PAR 7022	4465.00	2232.50
SAO STO 8114	5108.00	2554.00
SAO LON 7075	4465.00	2232.50
SAO MAD 6253	*4018.00*	*2009.00*
SAO BRU 7212	4465.00	2232.50

2. Which city is considered the farthest point from the origin?

(a) BRU   (b) LON

 (c) MAD   (d) PAR   (e) STO

3. Which city is the highest rated stopover point from the origin?

(a) BRU   (b) LON

(c) MAD   (d) PAR   (e) STO

4. What is the direction of the fares in the inbound fare component?

(a) Actual direction

(b) Reverse

(c) Both directions

5. Which city cannot be a breakpoint in this journey with two fare components?

(a) BRU   (b) LON

(c) MAD   (d) PAR   (e) STO

Answer Sheet

Note: Satisfactory rating - 10 points and above   Unsatisfactory - below 10 points

Score = _____

Rating: _____

Name: _____   Date: _____

1. _____   2. _____   3. _____   4. _____   5. _____

INFORMATION SHEET 7	**LO7- APPLY THE PRICING UNIT CONCEPT**

7. APPLY THE PRICING UNIT CONCEPT

This learning guide is developed to provide you the necessary information regarding the following content coverage and topics –

- Pricing Round Trip (RT) Journeys

- The Circle Trip Minimum (CTM) Check

This guide will also assist you to attain the learning outcome stated in the cover page. Specifically, upon completion of this Learning Guide, you will be able to –

- Divide a single or return fare journey into separate pricing units.

- Calculate the lowest combination of fares for a series of pricing units.

Learning Activities

1. Read the specific objectives of this Learning Guide.

2. Read the information written in the "Information Sheets 7".

3. Accomplish the "Self-check" in page 80-81.

4. If your rating is unsatisfactory, see your teacher for further instructions or go back to Learning Activity #7.

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	Compiled By:- Seid Yesuf and Alula Aklilu	

5. Submit your accomplished Self-check. This will form part of your training portfolio.

6. Your teacher will evaluate your output either satisfactory or unsatisfactory. If unsatisfactory, your teacher shall advice you on additional work.

7.1 Pricing Round Trip (RT) Journeys

The features of a Round Trip (RT) journey:

• A RT journey is travel entirely by air from a point to another point and return to the original point.

• A RT journey has only two fare components.

• The fare for the outbound component is EQUAL to the fare for the inbound component.

Example 1: RT Journey Fare Construction

Journey:　　　HKG CX BOM AI HKG

Fare Type:　　C

　　　　　　　All intermediate points are stopovers.

The following is a point-to-point (direct) round trip journey, where Mumbai (BOM) is the point of turnaround. The fare breakpoint is the farthest geographical point from origin between two fare components. The class of service booked is C.

```
CX   685   C    20JUL  HKGBOM  DK1  2010   2355   20JUL   E   0
CX   684   C    27JUL  BOMHKG  DK1  0105   0940   27JUL   E   0
```

First	fare	HKG						
		BOM	CX	NUC	C	½	RT	fare
Second	fare	HKG	AI	NUC	C	½	RT	fare

The fare breakpoint (BOM) divides the journey into an outbound and an inbound fare component. The arrows alongside the routing in example 1 show that the fare for the first component is looked up in the direction of travel (from Hong Kong to Mumbai) while the fare for the second fare component is priced in the reverse direction (Hong Kong to Mumbai).

For RT journeys, the fare construction table displays two columns. On the left is the calculation of the fare applicable to the outbound fare component. The column on the right is the calculation of the fare applicable to the inbound fare component.

	Fare Component 1 (outbound)	Fare Component 2 (inbound)
FCP	HKG BOM	HKG BOM
	C ½ RT NUC 994.16 (NUC	C ½ RT NUC 994.16 (NUC
RULE	Y277	Y277
MPM	POINT	POINT
TPM	TO	TO
EMA	POINT	POINT
EMS	NA	NA
HIP	NA	NA
RULE	NA	NA
AF	OUTBOUND NUC 994.16	INBOUND NUC 994.16
SUBTOTAL	RT NUC	
CHECK	CTM Check NA–no CTM check for RT journeys	
TOTAL AF	NUC	
IROE	x	
LCF	HKD	

Fare Calculation

HKG_CX_BOM994.16AI_HKG994.16NUC1988.32END_ROE7.815570

However, let's take a look at a variation of the same HKG-BOM-HKG journey.

CX 685 C 20JUL 5 HKGBOM DK1   2010 2355 20JUL E 0 333

CX 684 Y 27JUL 5 BOMHKG DK1   0105 0940 27JUL E 0 333

Note that segment 1 (HKG to BOM) is booked in C class while segment two (BOM to HKG) is booked in Y class. The fare for this journey is constructed as:

First	fare	HKG						
		BOM	CX	NUC	C	½	RT	fare
Second	fare	HKG	AI	NUC	Y	½	RT	fare

Although the outbound fare is different from the inbound fare, this is still a Round Trip (RT) journey. It is a Round Trip journey because if all flight segments for the journey were booked in the same class of service (both in C or both in Y), the outbound and inbound fares would be equal, meeting the definition of a Round Trip. A journey is a Round Trip when the fares for the outbound and inbound components are equal _when_ they are booked in the same class of service, in the same season/day/time and with the same carrier.

7.2 The Circle Trip Minimum (CTM) Check

The features of a Circle Trip (CT) journey:

• A CT journey is continuous and circuitous, returning to the point of origin

• A CT journey has at least two fare components

• The fare for the outbound component is NOT equal to the fare for the inbound component

• A Circle Trip Minimum (CTM) check must be performed

The Circle Trip Minimum check ensures that the fare for a journey flown with intermediate

points is not less than the highest round trip fare *from the point of origin* to any *stopover* point in the journey's itinerary. In other words, the intention of the CTM check is to ensure that the fare for a journey with intermediate points **is not less than** the published round trip fare from **the point of origin to the highest rated stopover point** in the journey.

There are 4 steps to follow in applying the CTM Check:

1. List the published round trip fare expressed NUC, for the class of service travelled from the point of origin to each stopover point in the journey.

2. Identify the intermediate stopover point in the journey with the highest published round trip fare. This highest round trip fare is called the **Circle Trip Minimum (CTM) fare**.

3. Compare the CTM fare to the sum of the Applicable Fares (AF subtotal) of the fare construction formula.

4. If the CTM fare is greater than the Total AF constructed for the journey, then subtract the Total AF from the CTM fare, The difference is called the **CTM plus up,** represented as **"P"**. Add the difference to the Total AF to **adjust** the Total AF to the same level as the CTM.

   (CTM minus Total AF = CTM plus up "P")

5. On the other hand, if the CTM fare is <u>less</u> than the total AF, ignore the CTM check and apply the Total AF amount to the journey without a CTM plus-up adjustment.

   Example: CT journey fare construction

Journey: Montreal-KL-Amsterdam-KL-Kano-VK-X/Lagos-VK- Accra-LH-Frankfurt-AC-Montreal

Fare Type: C

Lagos is a connection point. All other intermediate points are stopovers.

TP Ms	GI	Journey	Carrier	By comparing MPMs from the point of origin to each point, you can identify which is the farthest point from origin
		YMQ		
2790	E	KAN	KL	**YMO KAN MPM AT 7309**
517	E	X/LOS	VK	YMO LOS MPM AT 6688
250	E	ACC	VK	YMO ACC MPM AT 6651
3130	E	FRA	LH	YMO FRA MPM AT 4368
3640	A	YMQ	AC	

C ½ RT Fares
YMQ AMS NUC 2882.11 (5764.23 ÷ 2)
YMQ KAN NUC 4777.19 (9554.38 ÷ 2)
YMQ FRA NUC 2882.11 (5764.23 ÷ 2)
YMQ ACC NUC 5375.61 (10751.23 ÷ 2)

◄ Circle Trip Minimum (CTM) fare   **AMS KAN NUC 2871.16 (5742.32 ÷ 2)**

FRA ACC NUC 2262.99 (4525.99 ÷ 2)

As LOS is a connection point, there is no need to extract fares from/to LOS.

The fare for the journey cannot be less than the fare from the origin (YMQ) to the highest ticket stopover point (ACC).

	Fare Component 1 (outbound)	Fare Component 2 (inbound)
FCP	YMQ KAN	YMQ KAN
NUC	C ½ RT NUC 4777.19 (NUC 9554.38 ÷ 2)	C ½ RT NUC 4777.19 (NUC 9554.38 ÷ 2)

RUL	X0814	X0814
MPM	AT 7309	AT 7309
TPM	6212	7537
EMA	NA	NA
EMS	M	5M
HIP	NIL	C ½ RT 5375.61 YMQ ACC
RUL	NIL	X0814
AF	OUTBOUND 4777.19	INBOUND NUC 5644.39
SUBTOTAL		CT NUC 10421.58

CTM Check: YMQACC C RT 10751.23 >**SUBTOTAL** AF 10421.58

When the CTM is greater than the Subtotal, a CTM adjustment is necessary. The difference between the CTM fare and the AF Subtotal is P (plus) NUC 329.65
(NUC 10751.23–NUC 10421.58 = NUC 329.65)

Subtotal AF 10421.58
Plus CTM adjustment P 329.65

CHECK	CTM YMQ ACC C RT 10751.23
TOTAL	NUC 10751.23
IRO	x 1.177260
LCF	CAD 12656.9 ~ (N1) CAD 12657.00

Fare Calculation

YMQKLAMSKLKANM4777.19VKX/LOSVKACCLHFRAACYMQ5MYMQACC5644.39PYMQACC329.65N

UC10751.23ENDROE1.177260

As the outbound fare is not equal to the inbound fare, this journey is a Circle Trip (CT).

Since the constructed subtotal (NUC 10421.58) is less than the Circle Trip Minimum fare (NUC 10751.23), the difference between the subtotal AF and the CTM fare must be added to the lower YMQKAN subtotal AF.

Remember that the fare for any circle trip cannot be less than the fare from origin to the highest stopover intermediate point.

SELF-CHECK 7	MULTIPLE CHOICE

Answer the following questions.

Instruction: Choose the correct answer among the given alternatives.

1. How is a RT journey different from a CT journey?

    (a) A RT has only one fare component and a CT has two fare components

    (b) A RT ends at the point of origin and a CT does not end at origin

    (c) A RT has equal OB/IB fares and a CT has different OB/IB fares

    (d) A RT is priced with OW fares and a CT is priced with ½ RT

2. Which city is considered the farthest point from the origin? (a) BRU

    (b) LON   (c) MAD

    (d) PAR   (e) STO

3. Which city is the highest rated stopover point from the origin? (a) BRU

    (b) LON   (c) MAD

    (d) PAR   (e) STO

 4. The Circle Trip Minimum check ensures that the fare for a journey ending at the point of origin is not _____the highest direct RT fare from the point of origin to any stopover point in the journey's routing.

    (a) Equal to   (b) Less than

    (c) Higher than

5. Which is true?

   (a) When a secondary fare is the applicable CTM, its rules must apply to the journey.

   (b) The fare breakpoint is normally the point having the lowest MPM from origin.

   (c) A CTM adjustment is the difference between the CTM fare and the CT Subtotal.

   (d) The HIP check does not apply to Circle Trip journeys.

Answer Sheet

Note: Satisfactory rating - 10 points and above   Unsatisfactory - below 10 points

Score = _____

Rating: _____

Name: _____   Date: _____

   1. _____
   2. _____
   3. _____
   4. _____
   5. _____

<div style="text-align: center;">

RECOMMENDED READINGS

</div>

- Syratt Gwenda, 1995, Manual of Travel Agency practice, Butterworth Heinmann, London

- Semer Purzycki and Jeanne, 2001, A practical guide to Fare and ticketing, third Edition Farmington Hills, Michigan

- Holloway, J.C. (2002), The Business of Tourism, Prentice Hall, London

- Roday. S, Biwal. A & Joshi. V. (2009), Tourism Operations and Management, Oxford University Press, New Delhi

- Goeldner, R & Ritchie. B (2010), Tourism, Principles, Practices and Philosophies, John Wiley & Sons, London

- IATA Training and Development Institute, Foundation in Travel and Tourism, Course textbook

- Official Airline Guide (OAG)

- Travel information manual(TIM)

- Passenger Air Tariff(PAT)

- Worldwide Fares Book

- Global distribution system software (Galileo, Sabre and Amadeus)