

Define Fare Construction

fare construction. The process whereby various rules are applied to determine a final fare for an airline ticket.

One Way – Steps and Application

1. **FCP** – Establish the **Fare Construction Point** or Fare Break Points
2. **NUC** – Take the OW **Neutral Unit of Construction** from the origin to the destination of the fare component using the correct Global Indicator (*check the fare rules and ensure that the itinerary satisfies all conditions, collect stopover/transfer charge –if any*)
3. **SR** – Check out if the fare component qualifies as a **Specified Routing**. If it is, ignore the mileage system and take the NUC as the **Applicable Fare (AF)**
4. **MPM** – Establish the Maximum Permitted Mileage between the fare construction points of the fare component following the same Global Indicator as that used in the NUC (*refer PAT – Passenger Air Tariff*)

Construction Steps-RT,CT,RW

- Type of Journey-RT,CT,RW
- GI- Global Indicator (EH, PA, AT...)
- FBP-Fare Break Point
- NUC-Neutral Unit Construction
- SR-Specific Routing
- MPM-Maximum Permitted Mileage
- TPM-Ticketed Point Mileage
- EMA-Extra Mileage Allowance
- EMS-Excess Mileage Surcharge
- HIP-Higher Intermediate Point
- CTM/RWM-Circle Trip Minimum Check/Round the world Minimum Check
- LCF-Local Currency Fare = $NUC * ROE$

Mileage Manual (MPM): Maximum Permitted Mileage (MPM) distances represent the maximum distance between two specified international points established on the basis of shortest combinations of non-stop sectors and where applicable, over specified construction points, increased by 20%. The Mileage Manual contains close to 7 million MPM distances. It is published once per year in April and includes monthly bulletins.

Ticketed Point Mileage (TPM): official source for flown mileages between all points including more than 65,000 city pair mileages. A TPM represents a distance covered by one flight coupon of a passenger

Definition of Backhaul Check

It can be defined as, "In airline ticketing, the process of checking fares to all stops on an itinerary to make sure that the highest possible fare is charged. This is done to prevent passengers from booking a flight to a cheaper destination via a higher priced destination and then deplaning at the higher priced destination". Also it is referred to as *one-way backhaul check*.

The backhaul check in airfares is about the following: when you travel from your origin city via another city to your final destination and this other city is farther away from your origin than your final destination, the chance exists that the airfare to that other city is more expensive than the fare to your destination. In airfare construction your initial fare is calculated between origin and destination.

So you could 'cheat' the airline by buying a ticket from London to Hamburg via Berlin (Berlin is farther from London than Hamburg and the fare is probably more expensive). So when you leave the plane is Berlin, you have flown that at the fare London - Hamburg. However, the airlines do know this trick also, so they have devised the back-haul check (in full the One-Way Backhaul Check): If there is between your point of origin (London) and your final destination (Hamburg) a point in your itinerary with a higher fare (Berlin), than this higher fare must be charged. This rule applies only when you make a stopover (interruption of your journey of more than 24 hrs) in that intermediate city.

5. **TPM** – Add up the **Ticketed Point Mileage** of each sector and compare the total TPM to the MPM (*refer PAT – Passenger Air Tariff*)
6. **EMA** – Deduct the **Extra Mileage Allowance**, if any, from the total TPM (*refer PAT – Passenger Air Tariff*)
7. **EMS** – if the EMA is insufficient or not applicable, determine the **Excess Mileage Surcharge** (%) by dividing the TPM by the MPM. Take the result up to 5 decimals (*refer PAT – Passenger Air Tariff*)

Basic fare construction

One way – steps and application

1. FCP – Establish the fare construction point or Fare break points
2. NUC – Take the OW Neutral unit of construction from the origin to the destination of the fare component using the correct Global Indicator (Check the fare rules and ensure that the itinerary satisfies all conditions, collect stopover/transfer charges-if any)
3. SR – Check out if the fare component qualifies as a specified routing. If it is. Ignore the mileage system and take the NUC as the applicable Fare (AF)
4. MPM – Establish the maximum permitted Mileage between the fare construction points of the fare component following the same global Indicator as that used in the NUC (refer PAT – Passenger Air Tarrif)
5. TPM – Add up the Ticketed Point Mileage of each sector and compare the total TPM to the MPM (refer PAT – Passenger Air Tarrif)
6. EMA – Deduct the extra Mileage Allowance, if any from the total TPM (refer PAT – Passenger Air Tarrif)
7. EMS – if the EMA is insufficient or not applicable, determine the Excess Mileage Surcharge (%) by dividing the TPM by the MPM. Take the result up to 5 decimals (refer PAT – Passenger Air Tarrif)
8. HIP – Look for the Higher Intermediate Point fare from –
 - a. Unit origin to intermediate stopover point
 - b. Intermediate stopover point to another
 - c. Intermediate stopover point to the unit destination