

UNIT - V

SECURITY SURCHARGE

“Q” Surcharges

Q surcharges are not TFCs because they are part of the fare construction. Unlike TFCs, instead of being shown in the “Tax/Fee/Charge” box of traffic documents, a surcharge listed in Section 5.2 of the PAT General Rules is shown in NUC as a “Q”. This is part of the breakdown in the fare calculation box. Aside from Transatlantic, Caribbean security fees, and Canadian Navigational Surcharge, there is also a Q surcharge for each departure from Hong Kong, even when Hong Kong is an intermediate stopover or connection point.

TICKETING PROCEDURE

Example: HKG - VN - X/SGN - EK - DXB

Fare Calculation

HKG VN X/SGN Q4.22EK DXB5M1164.78NUC1169.00END ROE7.815570

Example: MNL - PR - X/HKG - CX – SEL – CA - BJS

Fare Calculation

MNL PR X/HKG Q4.22 CX SEL CA BJS25M945.00NUC949.22END
ROE1.00

Show the “Q” immediately after the sector to which it belongs.

BSP

Aims of the BSP

BSP aims to simplify the selling, reporting and remitting procedures to airlines by the IATA Accredited Passenger Sales Agents. The key feature of the BSP is the neutral Standard Traffic Document which is used by IATA Accredited Travel Agents on behalf of all participating BSP airlines represented. BSP uses the services of electronic Data Processing Centres (DPC) to compute:

- billings and monetary amounts which Agents remit to the appointed Clearing Bank; and
- the division of these amounts by the Clearing Bank for settlement amongst the Airlines. By using BSP procedures, both the airlines and Agents improve service standards while saving time, effort and costs.

BSP Background

IATA has been providing settlement systems services to the travel industry since 1971. The IATA Settlement Systems (ISS) provide cost-effective settlement services to both the airline industry and other travel, transportation and tourism industry sectors. The

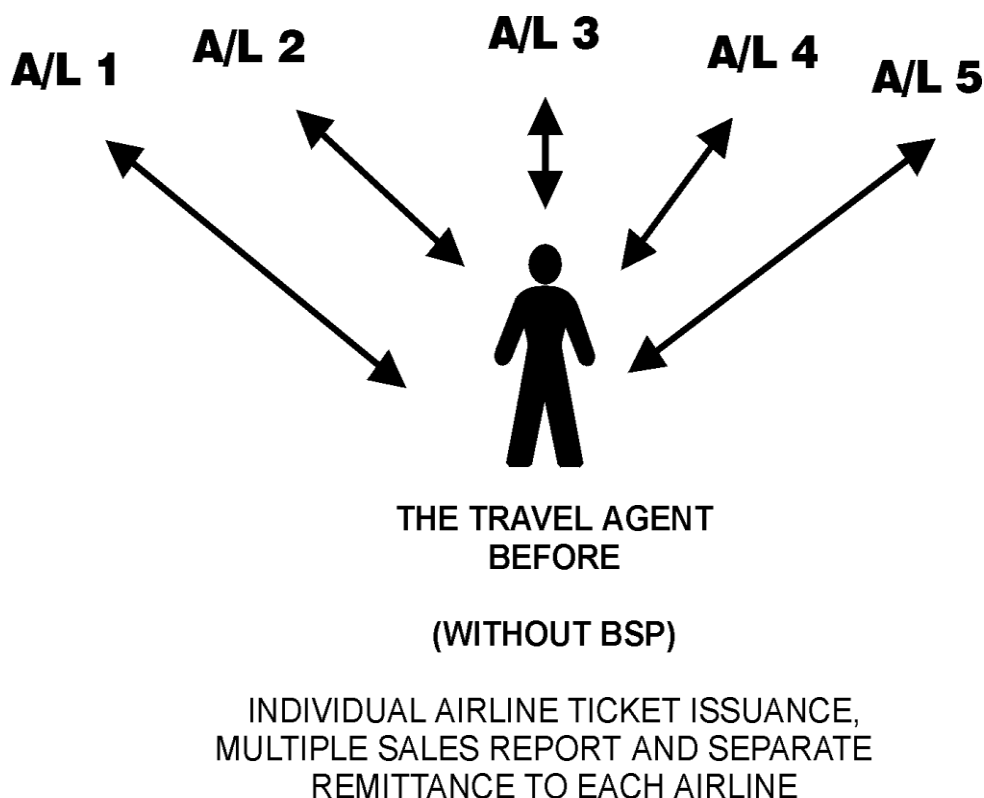
ISS network is made up of Billing and Settlement Plans (BSP) on the passenger side and Cargo Accounts Settlement Systems (CASS) on the cargo side. The BSPs and CASSes provide simplified selling, reporting and settlement of sales made by IATA Agents and certain other sales intermediaries, as well as improved financial control and cash flow for Participating airlines.

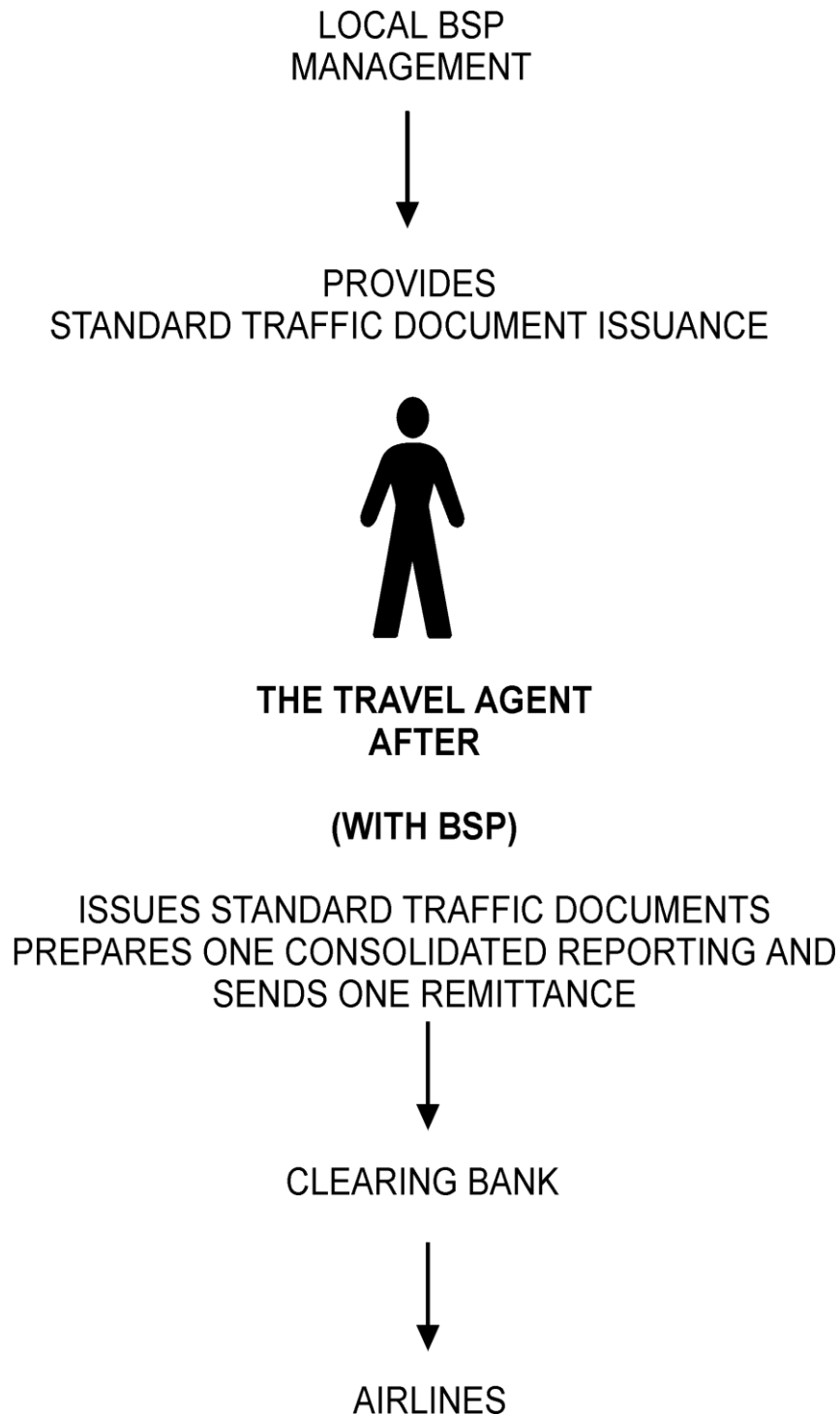
The BSP was formerly called the Bank Settlement Plan because of the introduction of an appointed Clearing Bank for each BSP country. Now BSP is called the Billing and Settlement Plan because it continues to promote a standardised and well tested system which simplifies the settlement of tickets to the airlines through the Clearing Bank.

Advantages of BSP to Travel Agents

The BSP reduces Airline distribution costs and at the same time provides Agents with a cost-effective system for selling the products and services of those Airlines that elect to participate in BSP. The existence of BSP enables Airlines and Agents alike to save on administrative overheads and traffic documentary inventory costs, whilst streamlining their services to the customer.

It provides more time for BSP participants' selling activities since the administrative burden on management is greatly reduced by the simplification of the issuance, controlling and reporting of sales and settling of monies due. Airline participation in a BSP is not limited to IATA member airlines but is open to all airlines serving the country or area concerned as long as they agree to the rules of the BSP. Without BSP, travel agents had to sell, secure and remit individual airline (A/L) tickets and sales reports to the different airlines.





Other major benefits from participating in the IATA BSP include:

- a centralized source from which these Traffic Documents are supplied which automates their provision;
- simplified paper work and less overhead costs by the replacement of multiple sales reports by a single Agency Sales Transmittal (AST) submitted to a central BSP Data Processing Facility (DPC);
- single set of Standard Administrative Forms to be used on behalf of all BSP Airlines;
- one central point (processing centre) to which reports and remittances are sent;

significantly improved cash flows;

- better financial controls and reduced exposure to losses from agency failures;
- better sales and marketing intelligence;
- more targeted sales efforts;
- easier introduction of new technologies such as the new BSPLink. As a BSP travel agent, you would be able to:
 - report sales made on behalf of BSP airlines to a central processing center that.
 - produces one billing for all sales in a given period, requiring one remittance per agent per remittance period.
 - computes the division of agents' remittances to each BSP airline, resulting in a single statement.

BSP Operation

Stages

In a nutshell, the BSP operation can be described as follows:

Issuing airline tickets

The preference of BSP Airlines is that all Agents have access to Computer Reservations Systems (CRS), Global Distribution Systems (GDS), or other IATA approved Ticketing Systems. In many cases Agents already issue electronic tickets using an IATA approved Ticketing System. All Travel Agents who wish to be IATA Accredited Agents must have the capability of issuing automated STDs.

Reporting procedures

At the end of each reporting period, the Agent prepares a single AST covering all BSP sales for that period. This AST form, together with all supporting documents (audit coupons and other accountable documents) is then forwarded to the DPC. In some BSPs, the Agent is able to send this data electronically which is the preferred method of sales reporting.

Processing/Billing

Once the AST is received, the DPC:

- captures ticket data from the coupons sent in by the Agent and/or from data files that have been transmitted by the CRS;
- processes all relevant data and produces an “Agents Billing Analysis” for each Agent. This analysis is compiled from the information of one or more reporting periods;
- forwards to each BSP Airline an analysis of sales made by Agents on its behalf, extracted from the ASTs received from the Agent;
- monitors STD stock levels and provides replenishment information as necessary.

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Remittance

The Agent makes one net periodic remittance covering all of its BSP transactions, made on behalf of all BSP Airlines. The ISS preferred method of payment is by direct debit.

Airline accounting procedures

Quality control checks on the billing analysis are carried out by the accounting department of the BSP airlines concerned. Any discrepancies or queries arising there from are addressed directly to the agent, usually in the form of an agency debit or credit memo. The stub of the debit/credit memo will be included in the next sales billing for the necessary adjustment to the original billing.

travel needs. As a result we use the term *travel consultant* interchangeably with “travel agent”. Travel agencies, like all other companies, must find ways to reduce their costs. Travel consultants are experts who want to satisfy the needs of today's consumers, offering their experience and knowledge and maintain at a profit.

The Service Fee System

This business model for travel agencies is based on customers paying a fee for a professional service received. The concept is very simple: the travel consultant, who is a service provider, is paid by a customer to perform a service (research, advice and sale of a travel product). Understanding that a fee is a fixed charge for a professional service, the travel consultant will certainly see that his or her whole activity must offer the performance of a “professional service”.

Generally, companies already pay fees for:

- Cleaning and security
- Outsourcing customer service functions
- Outsourcing accounting services
- Distribution and delivery of products
- Consulting services
- Computer software and hardware maintenance

In the travel industry, consumers already pay charges or fees for:

- Fuel
- Security
- Airport improvement
- Ticketing
- Embarkation
- Rerouting
- Cancellations
- Refunds
- Meals on board
- Tourism
- Environment protection
- No show
- Advance seat selection on coach class (new fee charged by some airlines)

Fees and the Corporate Customer

Collecting service fees in the travel and tourism industry is not a totally new concept. The fee system began when private companies and government offices negotiated the services of a travel agency to handle all of its business travel needs for all of its employees. These travel agencies specialized in managing the travel budget of typically large companies. Such a corporation or company might employ an internal travel manager who negotiates a contract or an agreement with a dedicated travel agency to evaluate the company's travel needs and expenses and to make recommendations on which travel suppliers to use.

The dedicated travel agency becomes a consultant for the corporation, working on behalf of the corporation to negotiate benefits from travel suppliers such as price reductions, special incentives or flexible payment deadlines. In return, the corporation pays the travel agency a service fee for performing this consultative service and for handling all the corporation's travel business. The fee is a value that covers the total cost of the agency to perform the service and the benefits it receives for this service, especially in savings. The advantages for such corporate travel agencies are that:

- The travel agency establishes a value for its expertise and professionalism.
- The fees can be charged according to the value (volume) the client represents for the travel agency.

Each travel consultant can freely decide the amount of the service fee charged according to:

- The volume of business handled
- The type of the product sold
- The level of service and attention required
- The profit situation—by knowing the savings and benefits earned by the corporation as a result of the efforts made by the travel agency to negotiate on behalf of the corporation, the travel agency can charge the corporation a portion of the difference between profit and loss as a service fee.

In other words, the corporation is happy to pay the travel agency a share of the savings on travel costs. Advantages for the corporate customer that uses the services of a dedicated travel agency are:

- The travel agency is fully aware of the corporation's negotiated agreements with travel suppliers such as airlines and hotels.
- The travel agency respects and applies the company's travel policies.
- The travel agency ensures that the company receives the best value, such as the lowest airfares or hotel rates, or the best products for their money.
- The payment of predetermined service fees that meet the corporation's budget needs.
- Regular reports detailing the corporation's travel costs and recommendations.
- A commitment from the travel agency to consistently provide the best advice and service.