

Passenger Based Airport Charges

Many airport facilities are built and maintained for the benefit of airline passengers. It is in the interest of both the airport and the airlines to recover these costs through passenger based charges instead of other aeronautical based charges.

CURRENT SITUATION

Airports must undertake major investments in both aviation and non-aviation related facilities to remain competitive and continually upgrade the airport infrastructure. Many airports recover aeronautical infrastructure costs such as terminal facilities, boarding bridges, check-in facilities and airside infrastructure through charges imposed on airlines. Many of these charges are absorbed directly by the airlines and therefore form part of the airlines direct operating cost base. Certain passenger based charges are, however, directly charged to the passenger via a fee or charge applied on the ticket.

IATA POSITION

Overall, IATA recommends airports to progressively recover aeronautical infrastructure costs through direct passenger based charges instead of other aeronautical based charges.

It should be noted that any passenger based charge needs to be in full compliance with the applicable legal and regulatory obligations.

KEY RECOMMENDATIONS

Wherever possible and practical, airports should transition to passenger based charges. This can include a combination of one or more of the following steps:

1. Per passenger calculation: Many airport related charges are currently based on the number of flights or the size or weight of a particular aircraft. There is however a stronger correlation between the number of passengers passing through an airport and the costs of providing facilities – e.g. security, gates, baggage systems, check-in counters and kiosks. Thus, airports should develop pricing structures on a per passenger basis.

2. Cost recovery from passengers: Airports recover aeronautical infrastructure costs through charges imposed on airlines. Many of these charges are absorbed in the airlines direct operating cost base. This is especially true if the charges are not levied on a per passenger basis. In this regard, IATA supports the calculation and collection of charges on a direct cost recovery basis assessed per passenger by the airport which then have the potential to be recovered from the passenger by the airline. This is in line with ICAO's user-pays principle¹.

3. Collection mechanism: Airport facilitation needs to be smooth and hassle-free for the passenger. Thus, IATA does not support the collection of levies from passengers at the airport if this involves an additional stop (e.g. at an airport payment counter) for collection from the passenger. In this regard, ICAO has acknowledged that resorting to the collection of charges from the passenger at the airport often poses major facilitation problems². Such problems can be readily avoided by instead collecting any levies by the airline on behalf of the airport. Existing IATA processes allow for the charge to be collected directly by the airline at the time of sale.

KEY BENEFITS OF CHARGING ON PER PASSENGER BASIS

- 1. Accountability** – Passengers would have increased visibility of the charges they are paying and be able to compare them with the services received at the airport. This would also encourage airports to be cost efficient and set charges proportionate to the service levels.
- 2. Risk Sharing** – Passenger fees are a means for sharing the risks and benefits of changes in passenger traffic between airports and airlines. This is especially justified for costs that have a direct correlation to passenger numbers.

¹ICAO Doc 9082/8 – paragraph 30vi)

²ICAO Doc 9562: Chapter 5, Section C – Collection of charges