

# Peak/Off-Peak Charges

**Peak/off-peak charges are not an effective means of easing capacity constraints.**

## SITUATION

A peak/off-peak charges scheme means that different prices apply during different time periods. Certain congested airports and ANSPs believe that peak pricing can be a good management tool to eliminate congestion.

Few providers around the world have introduced peak/off-peak charging schemes, while others have abandoned them.

## IATA POSITION

IATA opposes peak or congestion charging as it redistributes costs between different airline users arbitrarily. Peak charging is largely ineffective in addressing the problem it is supposed to resolve. It can even make matters much worse by introducing distortions into the overall network.

Airlines have little opportunity to adjust to such a system in an efficient way due to the complex task of scheduling such operations. The challenge is to maximise aircraft utilisation and optimise aircraft rotation within the constraints of airport curfews, opening hours, increasing environment restrictions, crew availability, and many other factors.

In addition, the market dictates airline scheduling, as schedules are constructed in response to passenger and cargo demand.

## KEY CONSIDERATIONS

- 1 All charges must be cost-related, transparent and non-discriminatory to meet ICAO Policies<sup>1</sup>.
- 2 Capacity constraints should not be used to increase revenue.
- 3 Capacity costs should be shared fairly amongst all users.
- 4 Slot co-ordination is the main tool that can address capacity shortages at airports.
- 5 Peak periods can vary from one airport to another and through time, so peak charges at one airport or ANSP can have an adverse impact on the network as a whole.
- 6 Peak/off-peak charges have been proven to be ineffective.

<sup>1</sup> ICAO Doc 9082/7 - paragraphs 23v) & 41v)