



MODULE : Transport Economics 1A

CODE : TRE11A1

DATE : 20 July Supplementary Exam 2017

DURATION : 180 Minutes

TOTAL MARKS : 120

EXAMINER : Dr N Pisa

MODERATOR : Mr GJ Heyns

NUMBER OF PAGES : 6 Pages

INSTRUCTIONS TO CANDIDATES:

- Answer all the questions
- Question papers must be handed in.
- This is a closed book assessment.
- Read the questions carefully and answer only what is asked.
- Number your answers clearly.
- Write neatly and legibly
- Structure your answers by using appropriate headings and sub-headings.
- The general University of Johannesburg policies, procedures and rules pertaining to written assessments apply to this assessment.

SECTION B [90 MARKS]**QUESTION 1****(20 marks)**

The law of supply represents a positive relationship between price and the quantity of goods or services supplied. This implies that when the price increases, the quantity supplied increases. Discuss the determinants of supply for transport services.

QUESTION 2**(20 marks)**

The shipbuilding industry is perfectly competitive. Clydeside shipbuilders have lost their competitive advantage. Chinese shipbuilding company Xiang has entered the market and is producing more technologically advanced ships at half the costs incurred by Clydeside shipbuilders. As a result, shipping companies are buying more Xiang ships over Clydeside's ships. Describe and explain the impacts of this change in consumer preferences on:

- a. Clydeside shipbuilders' costs and revenues in the short run. [Illustrate your answer using graphs]. (8)
- b. The market for Clyde Built ships in the short run. [Illustrate your answer using graphs]. (7)
- c. Explain whether or not Clydeside shipbuilders will go out of business. (5)

QUESTION 3**(20 marks)**

Transport authorities control the levels and behavior of transport users and operators through regulation. Describe and explain the different forms of transport regulation?

QUESTION 4**(30 marks)**

The economic environment in which freight transport operates is characterized by continually rising real incomes and increasing levels of globalization. These factors impact on the economic characteristics of the different modes of freight transport. Discuss the economic characteristics of the following modes of freight transport:

- a. Road haulage
- b. Rail freight
- c. Air freight

ooooooooOooooooooo