



MODULE : TRANSPORT ECONOMICS 1A EXAM

CODE : TRE11A1

DATE : 09 JUNE 2018

DURATION : 120 MINUTES

TOTAL MARKS : 100 MARKS

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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 A – MULTI-CHOICE QUESTIONS

[30 MARKS]

SECTION B - LONG QUESTIONS

[70 MARKS]

QUESTION

(25 MARKS)

The need to travel from one location to another, in a market-based economy presents an opportunity for other individuals to profit from that basic need. Where the need to travel exists, there will always be individuals willing to provide a good or service to meet that need at a given price. **Discuss the determinants of supply for transport services.**

QUESTION 2

(10 MARKS)

- a. Which type of goods can be observed assuming the following income elasticities of demand?
- Good X: + 0.5 (2)
 - Good Y: + 2.6 (2)
 - Good Z: - 0.4 (2)
- b. The income elasticities of demand of two goods, A and B, are as follows:
 Good A: + 3.0 (2)
 Good B: - 0.2 (2)
 Now income rises by 5 %. By how much quantities demanded of A and B will change?

QUESTION 3

(10 MARKS)

The table below shows information on the provision of bus services. Assume that the price per unit of the variable factor of production R4550 and the fixed cost of capital is R150 000.

- a. Populate the above table in your answer booklet, add columns to the table and calculate the missing values. (7)

Labour units	Output (000 units)			Costs				
Units	Total Product	Average Product	Marginal Product	Total Fixed Cost	Total Variable Cost	Total Cost	Average Total Cost	Marginal Cost
0	0							
1	60							
3	120							
5	190							
8	270							
11	360							
15	430							
18	490							
22	540							
27	580							
30	600							

- b. In terms of measuring the firm's 'efficiency', between technical efficiency and cost efficiency, which of these two measures should be used and why? (3)

QUESTION 4**(15 MARKS)**

The economic environment in which freight transport operates is characterised by continually rising real incomes and increasing levels of globalisation. These factors affect the economic characteristics of the different modes of freight transport.

- a. Describe the structure of the airfreight industry, in particular the, types of operators that provide airfreight transport services. (10)
- b. Discuss the disadvantages of rail freight (5)

QUESTION 5**(10 MARKS)**

Pricing is a vital component in the provision of transport services. The price determines who gets and who does not get a particular service as well as the distribution of rewards between the users and the providers of transport services.

- a. Define the term price discrimination (4)
- b. Describe the conditions under which collusion by organisations is likely to occur? (6).

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