



NAMIBIA UNIVERSITY
OF SCIENCE AND TECHNOLOGY
FACULTY OF COMMERCE, HUMAN SCIENCES AND EDUCATION
DEPARTMENT OF ECONOMICS, ACCOUNTING AND FINANCE

QUALIFICATION : BACHELOR OF ECONOMICS	
QUALIFICATION CODE: 07BECO	LEVEL: 7
COURSE CODE: TEC711S	COURSE NAME: TRANSPORT ECONOMICS
SESSION: NOVEMBER 2025	PAPER: THEORY (PAPER 1)
DURATION: 3 HOURS	MARKS: 100

FIRST OPPORTUNITY EXAMINATION QUESTION PAPER	
EXAMINER(S)	Mr. Eslon Ngeendepi
MODERATOR:	Dr. Anthony Adeyanju

INSTRUCTIONS
1. Answer ALL the questions. 2. Read all the questions carefully before answering. 3. Number the answers clearly

THIS QUESTION PAPER CONSISTS OF 4 PAGES (Including this front page)

QUESTION 1**[10 Marks]**

- i. Define transport economics. (2)
- ii. Outline three major economic characteristics of transport. (6)
- iii. Consider the demand for airline services in Namibia. Identify two factors (demand shifters) that could increase or decrease the demand for these services. (2)

QUESTION 2**[20 Marks]**

A local Namibian bus company operates a single route between Windhoek and Okahandja. The company has collected the following cost information for one of its buses over a week:

- Total fixed costs (garage rent, insurance, license fees) = N\$3,000 per week
- Fuel and maintenance costs = N\$2 per km
- The bus travels 1,200 km per week
- The bus earns revenue of N\$12 per km

- (a) Calculate the total variable cost (TVC) for the week. (6)
- (b) Calculate the total cost (TC) for the week. (6)
- (c) Calculate the average cost per km (AC). (4)
- (d) Calculate the total profit or loss for the week. (4)

QUESTION 3

[30 Marks]

3.1

A Namibian city bus company is analyzing the demand for its services in Windhoek. The following data has been collected:

- Current bus fare: N\$10 per trip.
- Current monthly passengers: 12,000 trips.
- When the fare is increased to N\$12, monthly passengers fall to 10,800 trips.
- Average monthly income of commuters is N\$8,000, and when income rises to N\$8,500, quantity demanded increases to 12,500 trips.
- The price of a competing minibus service rises from N\$9 to N\$11, and the quantity demanded for the bus increases from 12,000 to 12,300 trips.

- (a) Calculate the price elasticity of demand (PED) using point elasticity and interpret the result. (8)
- (b) Calculate the income elasticity of demand (YED) and classify the type of good. (8)
- (c) Calculate the cross elasticity of demand (XED) with respect to the competing minibus service and interpret. (8)
- (d) Calculate the total revenue before and after the fare change and explain whether the fare increase was beneficial for the bus company. (6)

QUESTION 4

[20 Marks]

- (a) Discuss the rationale for regulating transport services. In your answer, highlight at least four reasons why regulation is necessary in the transport sector. (8)
- (b) List two main forms of transport regulation. (2)
- (c) Private transport services, such as cars, vans, and motorcycles, involve multiple costs that affect pricing. Identify and briefly explain four main types of costs that a private motorist may incur. (8)
- (d) Define tacit collusion (cartel). (2)

QUESTION 5

[20 Marks]

- (a) State and briefly explain four main objectives of project evaluation/appraisal. (6)
- (b) City of Windhoek is experiencing increasing traffic congestion and high transport costs for commuters. To address this, the city council is considering developing a new public bus transport system to improve mobility, reduce congestion, and lower commuting costs. Before launching the project, the council must follow a structured project development process to ensure feasibility, efficiency, and sustainability. *As a student of Transport Economics, list and briefly explain the typical steps involved in project development that the city council should follow in designing and implementing this public transport system.* (14)

TOTAL MARKS: 100