



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: DECEMBER 2025	PAPER: THEORY (PAPER 1)
DURATION: 3 HOURS	MARKS: 100

SECOND OPPORTUNITY EXAMINATION QUESTION PAPER	
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MODERATOR:	Dr. Anthony Adeyanju

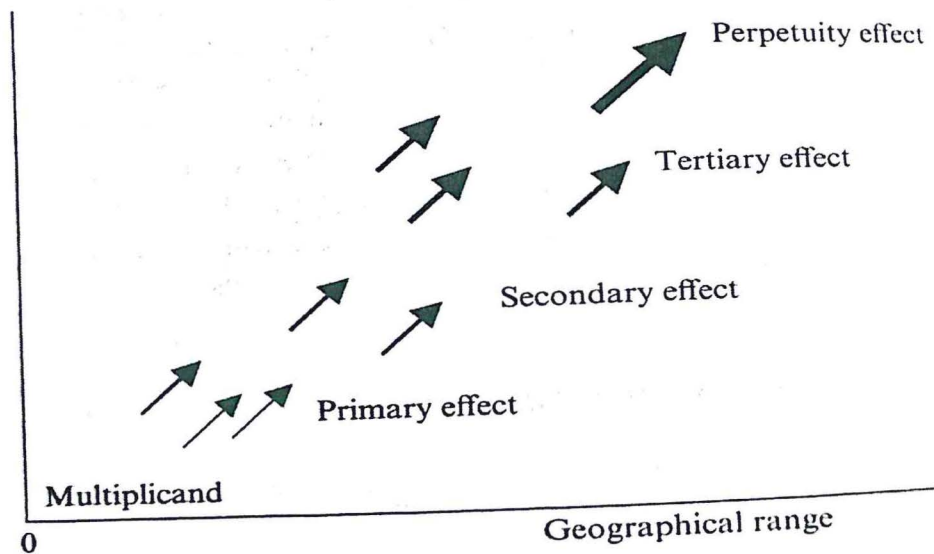
INSTRUCTIONS
<ol style="list-style-type: none">1. Answer ALL the questions.2. Read all the questions carefully before answering.3. Number the answers clearly

THIS QUESTION PAPER CONSISTS OF 5 PAGES (Including this front page)

QUESTION 1

[35 Marks]

- i. Transport is often described as a key driver of economic growth. Although transport alone may not guarantee development, the lack of transport infrastructure can severely constrain it. List and briefly explain five (5) key ways in which transport contributes to economic development. (15)
- ii. At the level of the local economy, an efficient transport system brings several benefits that support growth and development. List and briefly explain four (4) advantages of having an efficient local transport system. (8)
- iii. Figure 1: Multiplier effect: The case of Airport investment



Using the case of an airport investment, explain the operation of the multiplier effect in the local economy. The stages from planning the investment to the airport's operationalization provide insights into how one investment can generate multiple effects across different phases of the economy. With reference to Figure 1, discuss the impact of the investment at each of the following levels:

- Primary effects: (3)
- Secondary effects: (3)
- Tertiary effects: (3)
- Perpetuity effects: (3)

QUESTION 2**[20 Marks]**

Complete the following sentences by filling in the missing words (words such as increase, decrease, right, left or movement along).

- (a) A rise in the price of bus tickets causes a _____ along the demand curve for bus transport. (2)
- (b) An improvement in consumer income leads to an _____ in the demand for airline services. (2)
- (c) A reduction in fuel prices results in an _____ in the supply of taxi services. (2)
- (d) If government introduces higher road tolls, this is likely to cause a _____ in the demand for private car trips. (2)
- (e) When more transport operators enter the market, the supply curve shifts to the _____. (2)
- (f) An increase in the price of fuel causes a _____ in the supply of transport services. (2)
- (g) When the price of rail tickets falls, there is a _____ along the demand curve for rail transport. (2)
- (h) Seasonal tourism during holidays causes an outward _____ of the demand curve for air travel. (2)
- (i) A technological innovation (e.g., faster trains) will cause an _____ in the supply of transport services. (2)
- (j) If income levels fall due to a recession, there will be a _____ in the demand for long-distance transport. (2)

QUESTION 3

[25 Marks]

If we assume that a given bus market is in perfect competition which charges a flat fare of £1, and if the formula for the total demand (in thousands) in the market is given by the equation: $Q_D = 250 - 60P$

Where; Q_D is the quantity demanded in thousands at a given price P .

If we further assume constant returns to scale, then:

- (a) What is the total market demand at the £1 flat fare? (3)
- (b) If the market is shared equally by 4 firms, what is the number of passengers carried by each company? (2)
- (c) If the cost per vehicle kilometre is £1.60, average utilisation is 20 passengers per vehicle kilometre and average trip distance 10 kilometres:
 - i. What is the level of bus kilometres required to service this market? (2)
 - ii. What profits are being made? (3)
 - iii. What type of profit is this, normal or abnormal? (2)
 - iv. What is the cost per passenger carried (as opposed to the cost per vehicle kilometre)? (3)
- (d) As this is perfect competition, new firms may enter the market and compete these profits away. What price therefore will ensure that only normal profits are made? (2)
- (e) At the lower flat fare, why has market efficiency now been achieved? (3)
- (f) This exercise assumes that the four firms in the market will behave consistent with the perfect competition model, however is that in their own best interests? What does this tell us about market structures where only a few firms exist? (5)

QUESTION 4

[20 Marks]

- (a) List five (5) forms of price regulation in the transport service known to you. (5)
- (b) Outline five (5) major drawbacks of transport regulation. (5)
- (c) The Morrisonian model of public ownership, developed in the 1930s by Herbert Morrison, argued for government control of key utilities and transport services. Using this model, explain the reasons for the public ownership of transport assets. (10)

TOTAL MARKS: 100