



**NAMIBIA UNIVERSITY
OF SCIENCE AND TECHNOLOGY**

FACULTY OF ENGINEERING AND THE BUILT ENVIRONMENT

DEPARTMENT OF LAND AND SPATIAL SCIENCES

QUALIFICATION(S): DIPLOMA IN PROPERTY STUDIES BACHELOR OF LAND ADMINISTRATION BACHELOR OF PROPERTY STUDIES	
QUALIFICATION(S) CODE: 06DIPS 07BLAM 08BOPS	NQF LEVEL: 6
COURSE CODE: LET621S	COURSE NAME: LAND ECONOMICS AND TAXATION
EXAMS SESSION: JANUARY 2025	PAPER: THEORY
DURATION: 3 HOURS	MARKS: 100

SECOND OPPORTUNITY/SUPPLEMENTARY EXAMINATION QUESTION PAPER	
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INSTRUCTIONS
<ol style="list-style-type: none">1. Read the entire question paper before answering the Questions.2. Please write clearly and legibly!3. The question paper contains a total of 5 questions.4. You must answer <u>ALL QUESTIONS</u>.5. Make sure your Student Number is on the EXAMINATION BOOK(S).

PERMISSIBLE MATERIALS

1. Non-programmable Scientific Calculator

THIS QUESTION PAPER CONSISTS OF 6 PAGES (Including this front page)

Question 1

For each of the following statements indicate whether it is 'TRUE' or 'FALSE'. Each correct answer carries 1 mark. (20)

- a) At any location the use that returns a highest gross land rent than any other use can be treated as the highest and best use of that site.
- b) Given any urban use of land (i.e. Residential, industrial or commercial), operations carried on within their areas of highest and best use are profitable, but not as profitable as those carried on within their zones of transference
- c) Landlords usually make rental concessions during periods when the supply of tenants is low. This occurs during and when an economy experiences rapid growth.
- d) When high supply of tenants prevails when an economy experiences a boom, landlords frequently demand more rent.
- e) Land resources managers and policymakers for land resource use must respect the constraints posed by the three frameworks for analysing the use of land resources.
- f) Biological framework concerned with the natural environment in which the operators find themselves. This includes differences in weather, climate etc, such as hours of sunlight, temperatures, rainfall, humidity.
- g) Land use capacity measures the productive potential of a given parcel of land utilised for a given use at a given time with a specified technological and production conditions.
- h) According to Ricardo's theory on land rent when crops are produced for central city market, land located near the city enjoys rent advantage over those located at greater distance and therefore will be used first

- i) For any two parcels of different locations, the magnitude of rent advantage associated with the use of land closer to the market correspond with the differences in transportation cost between the two areas to the market.
- j) Beyond the no-rent point any production carried on will call for reduction of payment that normally goes to labour and management (cost of production).
- k) The principle of equity is that taxes should be fair and based on people's 'ability to pay'.
- l) In situations where the law fixes the rate of property tax in primary legislation, the tax revenues will vary according to changes in market values and regular revaluations.
- m) Amount of tax payable on a taxable property satisfies the principle of equity and bears a semblance of regressive tax system, because the amount of tax increases with decreasing rateable values.
- n) Property tax satisfies the principle of equity because it is a progressive tax system, the rate of tax rises with increasing rateable values of property.
- o) In situations with declining property values in a taxing district due to declining economic activities, revenues generated from property tax will decline.
- p) The tax collected helps in the country's development in areas like mobilising revenue for national development in a transparent fair effective and efficient manner.
- q) The of a land resource base to provide product for human use over time is affected by its self-renewal and regenerative qualities
- r) Resources such as mineral and coal are being continually replenished.
- s) Land resources are classified for conservation purposes according to the relative fixity and exhaustibility of their supply.

- t) Usually, operators are inclined to make first use of those land areas that have the lowest use capacities for their particular enterprise.

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Question 2

- a) The table below illustrates the operation of the Law of Diminishing Returns in a production situation.

Fixed factor (Land)	Inputs of Variable Factors (Capital and Labour)	Units of output per Variable input (MPP)	Units of Total Output(TPP)	Average Units of Output (APP)	Value of marginal product @N\$2.40
1	1	4	4		
1	2	A	11		
1	3	13	23	H	L
1	4	18	41		
1	5	B	66		
1	6	39	E	I	
1	7	46	152		M
1	8	C	196		
1	9	42	235	J	
1	10	38	F		
1	11	D	296		N
1	12	12	314		
1	13	8	322	K	
1	14	-4	G		
1	15	-6	312		

- i) Find the missing figures represented by the alphabets. (7)
- ii) If variable cost per unit of input (labour and capital) is N\$2.20 and we assume a value of N\$0.30 for each of the physical output, determine the most profitable point of production (show how you determined this). (4)
- b) State the basic difference between *Physical law of diminishing returns* and *Economic law of diminishing returns*. (3)

[14]**Question 3**

- a) The yield capacities of four grades of land are respectively given in the table below.

Land	A	B	C	D
Unit of Output (in tonnes)	130	X	107	85

Cost of Capital and labour amounting to N\$355 was incurred on each of these tracts of land.

Additional Information

- Cost of capital experienced a uniform upward adjustment by N\$60
 - A combined total of 440 tonnes of output was harvested from the four (4) parcels of land.
- i) Determine the amount of land rent that accrues to each of these tracts of land as they are employed successively in a production. [correct your answers to the two decimal place] (13)
- ii) By whose theory does land rents emerge and calculated in this way? (1)
- iii) Mention any three (3) underlying assumptions of Ricardo's theory of land rent? (3)
- b) Calculate the expected land value if an expected return of N\$3000 is discounted at 5% interest rate for 10 years. (3)

[20]**Question 4**

- a) What do understand by 'land use capacity'? (4)
- b) List the two (2) major components of land use capacity. (1)

- c) Mention and briefly explain, with simple examples, any two (2) requirements/series of tests which a land assessed for its potential highest and best use must pass. (6)

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Question 5

- a) Differentiate between the 'tax base of a rateable property (house)' and the 'tax base of a taxing (local) authority' (3)
- b) Examine in detail any four (4) effects of land taxation on land use and ownership. (20)
- c) Explain in detail the principles that provide a good basis for evaluating taxation forms. (12)

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