FEEDBACK TUTORIAL LETTER

1st SEMESTER 2019

ASSIGNMENT 1

TRANSPORT ECONOMICS
TEC711S
NAMIBIA UNIVERSITY OF SCIENCE AND TECHNOLOGY

Centre for Open and Lifelong Learning (COLL)

Bachelor of Technology Degree: Economics

Transport Economics – TEC711S

Feedback Tutorial Letter (FTL) - Assignment 1/2019

Compiled by:
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March 2019
1.1 USEFUL INFORMATION FOR WRITING ASSIGNMENTS

Below are valuable information for improving upon the quality of your next Distance Learning assignments:

- Be logical in your reasoning
- Avoid the use of “I”. Rather make use of “We”.
- Avoid plagiarising the work of others
- You are allowed to refer to other sources such as the internet but refrain from copying and pasting the answers you get from there. The idea is that you learn and are able to present your understanding of the underlying concepts. Therefore copying and pasting from various internet sources will not really help in your learning.
- Communicate in a simple and flowing language.
- Carefully paragraph your presentation.
- Ensure a logical flow when discussing your answers. Ensure consistency with regards to the numbering and sequencing.
- Always check for spellings and grammatical errors.
- Do extensive reading before writing your assignment
- The beauty of economics lies in the use of diagrams and appropriate mathematical models. Make use of these tools, whenever the need arise.
- Avoid duplicating your friend’s work. You are however encouraged to discuss your assignment in groups.
- Address specifically the questions raised.
- Make use of Time Management principles in approaching your assignment questions.
- Do not introduce irrelevant materials into your discussion.
- Always be sure that the demands of a question are clear to you before proceeding with your discussion.
- The total marks awarded should guide you on how long your answer should be.
- More emphasis should be placed on multiple choice questions as they are not as easy as students may think.

1.2 ASSIGNMENT QUESTIONS

Instructions

- All questions are compulsory.
- In deciding how much detail to provide and how much time to spend on each question, it is imperative that you use the mark allocation as a guide.
- Clarify all your statements, workings and assumptions.
- Use diagrams wherever appropriate. Diagrams must be clearly illustrated.
ASSIGNMENTS
Semester 1: 2019 Academic Session
Course Code: TEC711S
Course Name: Transport Economics

ASSIGNMENT 1

Question 1

a. The effects of Namibia’s transport system on the tourism sector
Students are not restricted to the following points but their answers should have elements of the following answers which are expected to be explained broadly:
  - Effects of air travel/airport sanctions on the tourism sector
  - Effects of road accidents on Namibia’s tourism sector
  - Effects of fluctuating transport prices on tourism
  - Others
b. How to address traffic congestion in Windhoek
Students are required to add further explanations to the following points, as a solution to solve traffic congestion in Windhoek. These answers could be utilized to solve any major city experiencing traffic congestion in the world. However, students are not restricted to the following points.
  - the use of bridges and tunnels, freeing movements from having to stop for other crossing movements
  - Introduction of express or bus lane on part of the road that carry heavy traffic.
  - Limiting certain type of vehicle to enter potentially congested areas.
  - Urban planning by encouraging the building of malls away from the CBD.
  - Traffic management information via media.
  - Car-pooling or lift clubs can reduce the number of vehicles on the road, specifically at peak time.
  - Introduction of peak time charges etc.

Question 2

First scenario: If Price elasticity of demand is more inelastic that is, it is less than 1, this means if the price increase the demand is not going to change much. Therefore the firm can increase the price if it wants generate more revenue.
Second scenario: If Price elasticity of supply is less than 1, (inelastic). An increase in price will not bring any significant change in the quantity supplied. Hence it is advisable not to change the price as it will have little effect on supply.

Question 3

The Honourable minister will be advised to use the supply and demand led models to upgrade the Walvis bay harbour.

Supply and Demand led models to Economic Developments

Due to empirical study, there is a positive correlation between increase in GDP and Transport. With the aid of the two different schools of thoughts we can categorically show how the supply led views and demand led views, leads to Economic Development;

Supply led view

To adopt a supply led model is to suggest that the causal relationship is that improving the transport infrastructure of an area will automatically stimulate economic activity and stimulate economic development. Increasing or improving the quality of the supply of transport services or transport infrastructure will automatically bring about such a change. This would occur for a number of reasons:

- **Widening of markets**: It is the provision of high quality transport facilities that leads to the widening of markets, hence rather than being restricted to selling in local markets that are easily accessible, the range of potential markets will be expanded. This is important because the potential that these newly accessible markets offer will only be exploited if a profit can be earned. If this is not the case, there is no point in doing it.

- **Increase in Production**: This will therefore directly increase wealth in the area and almost certainly lead to an increase in the production of that particular good or service. In order that more be produced, more resources will be required, in particular labour, and this labour will have to be sought from either other industries or from those not currently employed. Either way, this leads to a general increase in incomes as employees will only change jobs where it is worth their while to do so, and in most cases such changes of job will be motivated by higher incomes.

- **Multiplier effects**: This will also lead to multiplier effects, as those increased incomes will in the main be spent on local services, hence the idea of ‘recycling’ increased income back into the local economy. The basic argument is that markets that were too costly to service in the past now become more cost effective to serve as the transport gap that did exist between producers and consumers is narrowed. The improvement of transport provisions therefore is the spark that sets the whole process off.

Demand led models

Economic development leads to a demand for better transport facilities. There are two resources for basic demand which are Latent demand and Revealed demand.
• **Revealed demand**: is expressed in the journeys that are actually made or the goods that are transported using the existing infrastructure. If this increases, it may be found that the existing infrastructure requires upgrading in order to cope with the current level of demand.

• **Latent demand** exists where there is a demand but one that cannot be satisfied due to inadequacies in the existing infrastructure. In other words, individuals may wish to travel to a particular location, hence the basic demand, but the cost in terms of the time that it would take to actually get there more than offsets any benefit gained from undertaking the journey. As a consequence, the journey is not made.

I wish you the best of luck for the next assignment!!!!!!!!!!!!!

TOTAL MARKS: 100

1.3 PERFORMANCE STATISTICS FOR ASSIGNMENT 1/2011

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<table>
<thead>
<tr>
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<tbody>
<tr>
<td>Total number of students who submitted Assignment 1</td>
<td>= 38</td>
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<tr>
<td>Total score</td>
<td>= 3344</td>
</tr>
<tr>
<td>Average score</td>
<td>= 70%</td>
</tr>
<tr>
<td>Students who scored above 50%</td>
<td>= 35 (92.1%)</td>
</tr>
<tr>
<td>Borderline cases, that is, 50%</td>
<td>= 0 (0%)</td>
</tr>
<tr>
<td>Students who scored below 50%</td>
<td>= 3 (7.9%)</td>
</tr>
<tr>
<td>Highest score</td>
<td>= 92%</td>
</tr>
<tr>
<td>Lowest score</td>
<td>= 33%</td>
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1.4 EXAMINATION:

The First Opportunity Examination for June 2019 (as well as the Supplementary Examination taking place in July 2019) will cover the entire content of this course as suggested by the course outline and the current study guide. These are:

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<thead>
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<th>Topic</th>
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<td>Introduction to the economics transport</td>
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<td>Transport and economic development</td>
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Furthermore, you are strongly advised to study the previous Examination Question Papers for an insight into the standard of questions that may be set around the above-identified issues. Past questions are available electronically in the intranet of the Polytechnic. In case of any difficulty in accessing them, do phone the Subject Librarian. She will assist you. Her direct phone number is 2072326.

Also, do consider the formation of Study Groups in order to share and cross-fertilise ideas on issues related to the course. Furthermore, you should keep in close contact with the full-time and part-time students since they are benefiting a great deal from the daily face-to-face contacts with their Lecturer. Do not forget to read your Study Guide for the course from the beginning to the end. Finally, do not hesitate to contact Mr. Eden Tate Shipanga (The Lecturer for this course) should the need arise.

1.5 ACTIVITIES IN THE STUDY GUIDE

The activities in the study guide are meant to provide additional intellectual challenge to you. Do attempt to go through the activities in the study guide as they will really provide you with practice questions needed for the mastery of the content for this course.