higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

NATIONAL CERTIFICATE (VOCATIONAL)

TRANSPORT ECONOMICS
NQF LEVEL 2

(11020282)

7 November 2022 (Y-paper)
13:00–16:00

This question paper consists of 8 pages.

139Q1N2207

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TIME: 3 HOURS
MARKS: 100

INSTRUCTIONS AND INFORMATION

1. Answer all the questions.
2. Read all the questions carefully.
3. Number the answers according to the numbering system used in this question paper.
4. Start each section on a new page.
5. Use only a black or blue pen.
6. Write neatly and legibly.

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SECTION A

QUESTION 1

Indicate whether the following statements are TRUE or FALSE by writing only 'True' or 'False' next to the question number (1.1–1.10) in the ANSWER BOOK.

1.1 A larger amount of the budget for infrastructural development is spent on urban areas.

1.2 The transport industry is static and therefore nothing ever changes.

1.3 Maritime transport is the most important global freight-distribution mode.

1.4 An ineffective transport system can affect a country's economy negatively.

1.5 The National Department of Transport is responsible for transport policy formulation.

1.6 Transport as a derived demand means that there would not be a need for transport without an activity taking place at the start and/or end of a trip.

1.7 Poverty often causes social isolation and prevents personal development.

1.8 Government does not encourage public transport because of the high accident rate.

1.9 Statistics South Africa classified transport as being part of the primary sector.

1.10 Most of the cargo carried by air transport include raw materials from mines and industries far from the airport.

(10 × 1) **[10]**

QUESTION 2

Choose a term from COLUMN B that matches a description in COLUMN A. Write only the letter (A–L) next to the question number (2.1–2.10) in the ANSWER BOOK.

COLUMN A		COLUMN B	
2.1	All activities directly or indirectly related to the use of vehicles, vessels and aircrafts	A	passenger transport
2.2	Movement of people by any transport mode	B	Dube City
2.3	Characterised by state ownership, limited private sector participation and the absence of independent regulators	C	developing country
2.4	Responsible for any possible loss of goods during transit	D	transport
2.5	Accommodates a range of land used for logistics assembly, warehousing, light manufacturing, high-value cargo	E	Dube Trade Zone
2.6	Directly linked to an airport and has world-class transport business	F	transport sector
2.7	Consists of automotive, clothing and footwear, IT and electronics	G	multiplier effect
2.8	Constantly improved in South Africa because of the positive contribution of transportation to the GDP	H	developed country
2.9	Free-market economy	I	manufacturing sector
2.10	Medium level of employment	J	common carrier transport
		K	tertiary sector
		L	Transnet Freight Rail

(10 × 1) **[10]**

QUESTION 3

Define each of the following terms:

3.1 Two-tiered economy

3.2 Stopping taxi

3.3 Buyer power

3.4 Balance of trade

3.5 Demand

(5 × 2) **[10]**

TOTAL SECTION A: 30

SECTION B

QUESTION 4

4.1

CONTRIBUTION OF INDUSTRIES TO THE GDP OF SOUTH AFRICA Q2 2021

1. Transport and communication	6,9%
2. Agriculture	6,2%
3. Personal services	2,5%
4. Trade	2,2%
5. Mining	1,9%
6. Electricity, gas and water	0,7%
7. Finance	-0,4%
8. Manufacturing	-0,8%
9. Government	-0,9%
10. Construction	-1,4%

[Source: *www.stassa.gov.za*]

4.1.1 Identify the sector which had the most contributions towards the South African GDP and briefly explain in TWO full sentences why you believe this industry contributed the most to the GDP despite the lockdown that took place in 2020. (5)

4.1.2 Write the acronym GDP in full. (1)

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4.2 It is said that for a country to be competitive in the global market it must have good transport infrastructure and a functional transport system. However, the transport system also has an adverse effect on the environment.

4.2.1 Name FOUR ways in which a good transport infrastructure will benefit South Africa. (4 × 2) (8)

4.2.2 Explain THREE impacts of externalities on transport networks/ services. (3 × 3) (9)

4.3 Name THREE ways in which an improved transport system will benefit a country's economy. (3 × 2) (6)

4.4 Explain TWO ways in which transport has a multiplier effect on the economy of a country. (2 × 2) (4)

[33]

QUESTION 5

UNDERSTANDING THE COMPETITION COMMISSION SOUTH AFRICA'S PUBLIC PASSENGER TRANSPORT MARKET INQUIRY

On 7 June 2017 the Competition Commission South Africa will commence a market inquiry into the public passenger transport sector. This is the fifth market inquiry to be initiated by the Commission, following inquiries into the LPG, healthcare, grocery retail and banking sectors.

What does the Commission intend to investigate?
In terms of the Terms of Reference (published on 10 May 2017), the Commission will explore how competition in the public passenger transport sector is affected by factors such as government regulations which govern the prices that may be charged by certain transport providers, such as metered taxi operators, government subsidies provided to certain providers, such as PRASA and the Gautrain, government regulations allocating certain transport routes to particular service providers, disruptive technology, such as Uber, Gautrain buses being accessible to Gautrain passengers only, and envisaged expansion of the Gautrain's network. The Commission has also indicated that it will consider the ownership patterns and transformation in the sector.

What is a market inquiry?
A market inquiry is a general investigation into the state, nature and form of competition in a market, rather than a narrow investigation of specific conduct by any particular firm. The Commission, acting on its own initiative, may conduct a market inquiry if it has reason to believe that any feature or combination of features of a market for any goods or services prevents, distorts or restricts competition within that market. Upon completion of an inquiry, the Commission must publish and submit a report to the minister of economic development, with or without recommendations. These recommendations may include recommendations for new or amended policies, legislation or regulations relating to the sector in question, or recommendations to other regulatory authorities on competition matters. It is also possible that, during the inquiry, the Commission may uncover illegal conduct, in which case it may initiate a complaint and commence enforcement proceedings against a particular firm.

Which firms could be the subject of this market inquiry?
The Terms of Reference are broad and indicate that the Commission will investigate all aspects of the land-based public passenger transport industry. This will include investigations into minibus taxis, localised taxis, metered taxis, app-based taxis, the Passenger Rail Agency of South Africa (PRASA), Metrorail, the Gautrain and buses, including commuter buses, scholar buses, long-distance buses, tourist buses and the BRT.

What should affected firms expect during the inquiry?
As set out in the Terms of Reference, the Commission will establish a team that consists of Commission staff, as well as industry experts and/or consultants as and when required. The Commission will also allow all stakeholders an opportunity to provide input into the inquiry process and its outcomes. Once established, the team will gather and assess information from relevant stakeholders of the public passenger transport industry. This information may be gathered by way of questionnaires, information requests, calls for written and/or oral submissions, targeted meetings with key industry stakeholders, and public hearings. During the inquiry, the Commission will contact all stakeholders involved in the land-based public passenger transport industry in order to gather information in the ways described above. The Commission aims to complete the public passenger transport market inquiry by May 2019.

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5.1	5.1.1	Identify FIVE reasons from the case study why this inquiry has been done.	(5 × 2)	(10)
	5.1.2	List FOUR transport market players mentioned in the case study.		(4)
5.2		Name FOUR benefits of using the BRT system to commute.		(4)
5.3		Name THREE benefits of using the Gautrain to commute.	(3 × 2)	(6)
5.4		Give FOUR aims of the taxi recapitalisation programme.		(4)
5.5		List THREE acts that govern the transport industry.		(3)
5.6		Name SIX infrastructural improvements that have occurred in South Africa.		(6)
				[37]

TOTAL SECTION B: 70
GRAND TOTAL: 100

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