



Tuesday 11 June 2013 – Morning

A2 GCE ECONOMICS

F584/01 Transport Economics

Candidates answer on the Question Paper.

OCR supplied materials:

None

Other materials required:

- Calculators may be used

Duration: 2 hours



Candidate forename		Candidate surname	
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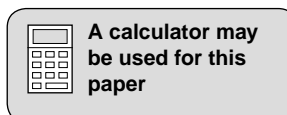
Centre number						Candidate number				
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INSTRUCTIONS TO CANDIDATES

- Write your name, centre number and candidate number in the boxes above. Please write clearly and in capital letters.
- Use black ink. HB pencil may be used for graphs and diagrams only.
- Answer Section A and **one** question from Section B.
- Read each question carefully. Make sure you know what you have to do before starting your answer.
- Write your answer to each question in the space provided. If additional space is required, you should use the lined pages at the end of the booklet. The question number(s) must be clearly shown.
- Do **not** write in the bar codes.

INFORMATION FOR CANDIDATES

- The number of marks is given in brackets [] at the end of each question or part question.
- The total number of marks for this paper is **60**.
- The quality of your written communication will be taken into account in the marking of your answer to Section B.
- This document consists of **20** pages. Any blank pages are indicated.



Changes in the UK bus market

The UK bus industry has undergone radical change in the past 30 years. For much of the 20th century, the industry was heavily regulated with most local bus services provided in the public sector by local councils. This all changed in the mid 1980s when local bus services were deregulated. This policy, which saw the removal of many barriers to entry, resulted in significant growth of the private sector with many new, privately owned bus companies setting up across the country.

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Whilst this marked a significant departure from what had previously been the case in the industry, with newly emerging private firms aiming to maximise profits, the government still continues to play a role in the industry. Government support can take different forms which include grants and support for innovative transport schemes and also fuel subsidies which are paid to operators of local services (the 'Bus Service Operators' Grant'), see Fig. 1.

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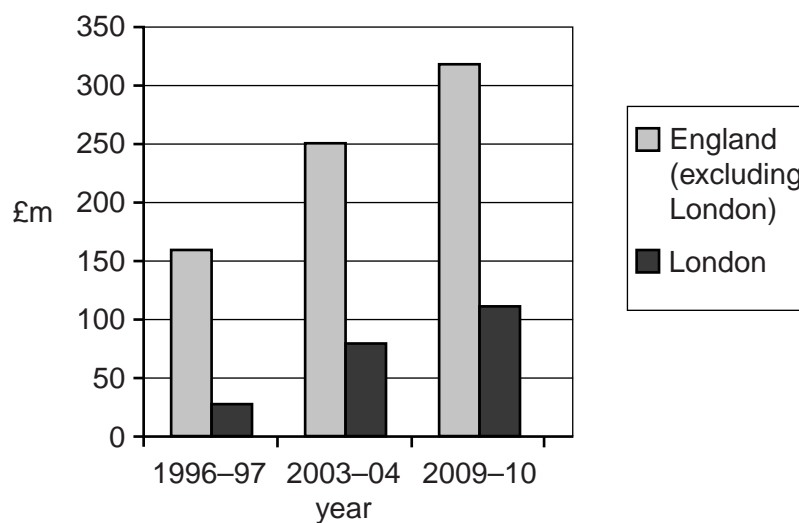


Fig. 1 – Estimated Bus Service Operators' Grant 1996–2010

Cambridgeshire guided busway opens to passengers

A long-awaited guided busway began carrying passengers on routes through Cambridgeshire in Autumn 2011. The route, which includes 13.3 miles of guided concrete track along a disused railway line, is believed to be the longest in the world. It is hoped that the busway will ease congestion on local main roads and provide an alternative mode of transport for people living in the area.

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However, the £116.2m busway has not been the quickest, or easiest, of projects to deliver. Funding for the development of the busway was granted by the Department of Transport in 2001. It was expected to open in Spring 2009, but had been troubled by delays and financial disputes between the County Council and the original contractor.

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Opinion as to the impact of the scheme is divided. One local resident claimed that it would be good for his business as they would no longer be in 'a remote village location'. In contrast, one group which had campaigned against the busway said that they remained 'utterly convinced' that it would make no difference to traffic levels on the local main roads and that it would definitely increase traffic levels in Cambridge city centre.

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SECTION A

Answer **all** parts of the question in this section.

1 (a) What is meant by the term 'barriers to entry'?

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..... **[1]**

(b) Apart from profit maximisation, state and explain **three** other objectives which a firm in a transport market may have.

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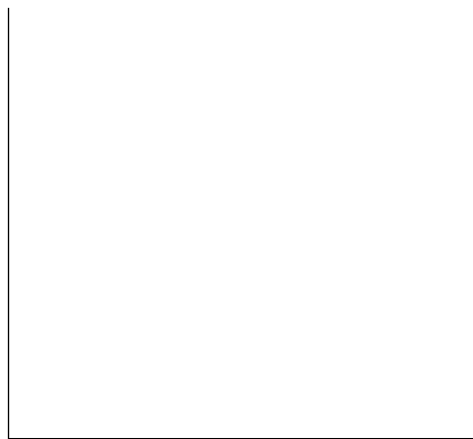
[6]

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(c) (i) Using Fig. 1, compare the changes in the Bus Service Operators' Grant received by bus firms in London to those in the rest of England.

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..... [2]

(ii) Using a diagram, explain the impact of subsidies paid to producers, such as bus operators.



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..... [3]

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Section B begins on page 8

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8

SECTION B

Answer **one** question from this section.

- 2 (a) Analyse the reasons why traffic congestion is an example of market failure. [15]
(b) Discuss the effectiveness of indirect taxation on fuel as a method of solving market failure in transport. [20]
- 3 (a) Analyse the reasons for the growth in rail passenger numbers in recent years. [15]
(b) Discuss whether or not rail privatisation in the UK has been a success. [20]
- 4 (a) Analyse, using examples, what is meant by a 'sustainable' air transport policy. [15]
(b) Discuss whether or not the government should expand the road network in the UK. [20]

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Start your answer to part (b) here

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ADDITIONAL ANSWER SPACE

If additional answer space is required, you should use the following lined page(s). The question number(s) must be clearly shown in the margins.

A large area of horizontal dotted lines for writing answers, with a solid vertical line on the left side. The lines are evenly spaced and extend across most of the page width.

Handwriting practice area consisting of 20 horizontal dotted lines and a vertical solid line on the left side.



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