

Tuesday 22 January 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	
-----------------------	--	----------------------	--

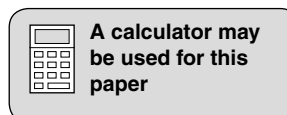
Centre number						Candidate number				
---------------	--	--	--	--	--	------------------	--	--	--	--

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.



High Speed Rail

In recent years, there has been much debate about 'High Speed 2' (HS2) which is the name given to government plans to introduce a new, high speed, train line from London to Birmingham and beyond. If introduced, such plans would represent one of the largest transport infrastructure projects undertaken in the UK in many years. The article and table below were produced as part of the government's consultation process.

5

Investing in the UK's future

The government believes that a national high speed rail network offers a once-in-a-generation opportunity to transform the way we travel in the UK.

A new high speed rail network would bring our key cities closer together, enable businesses to operate more productively, support employment growth and regeneration, and create a platform for delivering long term and sustainable economic growth and prosperity.

10

A Y-shaped high speed rail network would link London to Birmingham, Manchester and Leeds, and would include stops in the East Midlands and South Yorkshire, as well as at Heathrow Airport. It would deliver a huge increase in rail capacity to meet rising demand for long-distance rail travel and ease overcrowding on existing railways.

By linking to the existing East Coast and West Coast main lines, London would be brought within three and a half hours of both Glasgow and Edinburgh – significantly reducing the demand for internal flights. By attracting large numbers of passengers from other modes of transport, due to the improved journey times and the reliability and convenience that it would offer, HS2 could generate reductions in carbon emissions.

15

Fig. 1 shows the forecasted benefits and costs of the proposed scheme.

20

Benefits:		Total net benefit
Total benefit	£46.4 billion	
LESS loss of indirect tax revenues to the government	£2.7 billion	£43.7 billion
Costs:		Total net costs
Total costs to the government	£44.3 billion	
LESS revenue from ticket sales	£27.2 billion	£17.1 billion
Benefit to cost ratio		2.6

Fig. 1 – Forecasted benefits and costs of HS2

SECTION A

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

1 (a) (i) What is meant by the term 'transport infrastructure'?

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

(ii) State and explain **one** possible advantage to freight operators of using rail as a mode of transport.

.....
.....
.....
.....
.....
..... [2]

(b) (i) State and explain **two** problems which the government may have in making forecasts such as those in Fig. 1.

1

.....
.....
.....
.....
.....

2

.....
.....
.....
.....
.....

[4]

Turn over

- (ii) Fig. 1 refers to £2.7 billion of lost revenue from indirect taxes as a result of the 'High Speed 2' (HS2) project.

Explain why this loss of tax revenues may arise.

.....

.....

.....

.....

.....

.....

..... [2]

- (c) The construction of a new high speed rail line may cause negative externalities.

Explain why negative externalities are an example of market failure.

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

..... [3]

BLANK PAGE

Section B begins on page 8

PLEASE DO NOT WRITE ON THIS PAGE

SECTION B

Answer **one** question from this section.

- 2 (a) Analyse the economies of scale which may arise in a transport market of your choice. [15]
(b) Discuss whether deregulation has been a success in a transport market of your choice. [20]
- 3 (a) Analyse the factors which might lead to a rise in contestability in a transport market. [15]
(b) Discuss the extent to which a rise in contestability is beneficial in a transport market. [20]
- 4 (a) Analyse the factors which have led to a rise in car use in recent years. [15]
(b) Discuss the extent to which a national road pricing system would be effective in reducing the demand for car use. [20]

SECTION B

Question No.

Start your answer to part (a) here

.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....

A series of 25 horizontal dotted lines spanning the width of the page, providing a guide for handwriting practice.

Dotted lines for writing

A series of horizontal dotted lines for writing.

A series of 25 horizontal dotted lines spanning the width of the page, intended for handwriting practice.

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 lined paper for writing answers. It features a vertical margin line on the left side and horizontal dotted lines for writing. The lines are evenly spaced and extend across the width of the page.

A series of 30 horizontal dotted lines spanning the width of the page, with a vertical solid line on the left side, creating a template for handwriting practice.

A large area of the page is reserved for writing, featuring a vertical solid line on the left side and horizontal dotted lines extending across the page.



Copyright Information

OCR is committed to seeking permission to reproduce all third-party content that it uses in its assessment materials. OCR has attempted to identify and contact all copyright holders whose work is used in this paper. To avoid the issue of disclosure of answer-related information to candidates, all copyright acknowledgements are reproduced in the OCR Copyright Acknowledgements Booklet. This is produced for each series of examinations and is freely available to download from our public website (www.ocr.org.uk) after the live examination series.

If OCR has unwittingly failed to correctly acknowledge or clear any third-party content in this assessment material, OCR will be happy to correct its mistake at the earliest possible opportunity.

For queries or further information please contact the Copyright Team, First Floor, 9 Hills Road, Cambridge CB2 1GE.

OCR is part of the Cambridge Assessment Group; Cambridge Assessment is the brand name of University of Cambridge Local Examinations Syndicate (UCLES), which is itself a department of the University of Cambridge.