OCR
Oxford Cambridge and RSA

Thursday 23 June 2016 – Afternoon

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 page(s) at the end of this 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.

A calculator may be used for this paper

© OCR 2016 [A/500/7919]
DC (CW/FD) 106778/7

OCR is an exempt Charity

Rail services and the rail network in the UK

Britain's rail services and rail infrastructure used to be run by the government. This all started to change from 1994 with the first franchising of rail services. Since then, rail demand has continued to increase with a record number of passengers now using the railways.

In sharp contrast to the situation before 1994, most rail services are now provided by a range of companies in the private sector, known as train-operating companies. These companies are responsible for day-to-day train services. They do not, however, own the nation's rail infrastructure. This is provided by a separate company, Network Rail. As Fig. 1 shows, almost half of train-operating companies' revenue goes to Network Rail.

Where train operating companies' revenue goes

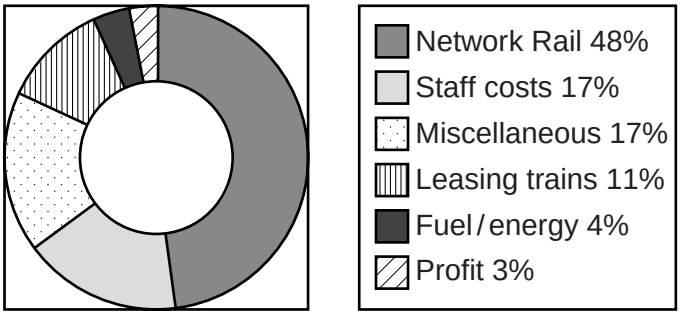

Fig. 1

Despite the growing importance of the private sector in the rail industry, the public sector still has an important role in regulating rail services and also in undertaking major transport infrastructure projects.

The following extract from a Department for Transport document outlines some of the government's plans for the rail industry.

'Expanding and improving the rail network'

Rail is vital to the UK's economic prosperity.

In addition, encouraging people to use trains rather than cars reduces carbon emissions.

Actions:

- Regulating some fares: the government regulates the existence and price of a number of rail fares. The government restricts the amount by which train operators can increase some fares each year.
- Upgrading rail tracks and stations: increasing train capacity with, for example, £240 million of improvements along the East Coast Main Line.
- Electrifying important routes: by 2020, around three-quarters of all rail passenger miles will be by electric train. This should lower CO_2 emissions, change journey times and reduce operating costs.
- Crossrail: a new railway running east to west through tunnels under London.

© OCR 2016

SECTION A

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

1 **(a)** Explain the difference between fixed and variable costs, using **one** example of each from Fig. 1.

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

..... **[4]**

(b) Explain how changes in train fares might affect the revenue of a train-operating company.

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

..... **[4]**

© OCR 2016

(c) Explain why **two** of the government's proposed actions (lines 17 to 25) may encourage people to use trains rather than cars.

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

..... **[4]**

(d) Comment on the extent to which 'rail is vital to the UK's economic prosperity'.

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

..... **[5]**

© OCR 2016

(e) Discuss whether or not there should be monopoly provision of rail infrastructure in the UK. **[8]**

© OCR 2016

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

© OCR 2016

BLANK PAGE

TURN OVER FOR SECTION B

PLEASE DO NOT WRITE ON THIS PAGE

© OCR 2016

SECTION B

Answer **one** question.

2 **(a)** Explain, using a diagram, how the profit earned by a firm is influenced by the relationship between its marginal cost and its marginal revenue. **[15]**

(b) Discuss, using examples, the extent to which the market dominance of a monopoly provider of transport infrastructure will result in economic inefficiency. **[20]**

3 **(a)** Analyse the differences between monopolistic competition and oligopoly market structures in transport. **[15]**

(b) Discuss the extent to which air travel could be considered to be a sustainable mode of transport. **[20]**

4 **(a)** Analyse the economic effects of an increase in the demand for road transport on the environment. **[15]**

(b) Discuss the effectiveness of different policies implemented to deal with the problems caused by increased road transport use in urban areas. **[20]**

© OCR 2016

SECTION B

Question No. .....

Start your answer to part **(a)** here.

© OCR 2016

© OCR 2016

© OCR 2016

© OCR 2016

Start your answer to part **(b)** here.

© OCR 2016

© OCR 2016

© OCR 2016

© OCR 2016

END OF QUESTION PAPER

© OCR 2016

ADDITIONAL ANSWER SPACE

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

© OCR 2016

© OCR 2016

OCR
Oxford Cambridge and RSA

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.

© OCR 2016