Objective
- Importance of transport industry
- Calculate Price Elasticity of Supply.

Summary notes

- Transport remains to be a vital component of the economy contributing to around 6 percent to GDP.

Roles of Transportation in enhancing connectivity

- Provides services that enables workers to report to and return from work.
- Bring raw material and semi-finished goods to manufacture.
- Delivers goods to wholesalers, retailers and consumers.
- Makes international trade possible.
- Provides an advantage to travel to different places.
- Improves the standard of living of the community by widening the market.
- Due to efficient transport systems, many retailers keep a small quantity of stocksince they can quickly replenish their supplies when needed.

Challenges faced by transport industry
- Fiji is prone to disruptive natural events such as tropical cyclones and resultant flooding. Thus, it is costly to carry out rehabilitation work.

- In the main urban areas, lower-level municipal roads are neglected, rough and sometimes impassable.

$$\text{Price elasticity of supply} = \frac{\% \text{ change in quantity supplied}}{\% \text{ change in price}}$$

Questions

1. Ecotourism refers to
A. responsible travel to natural areas that conserves the environment
B. responsible travel in an airline to maintain cleanliness
C. selling of handicrafts to promote culture
D. reef walking in the open sea

2. Which of the following promotes sustainability in transport industry?
   A. Carbon emissions by older vehicles.
   B. More use of diesel vehicles than unleaded vehicles.
   C. Placing an age limit to imported second-hand vehicles.
   D. Increasing number of second-hand vehicles being imported with no age limit.

3. A horizontal supply curve indicates an elasticity of supply that equals

   A. 0
   B. -1
   C. 1
   D. Infinity

Service Industry

1. Study the cartoon given below and answer the following questions
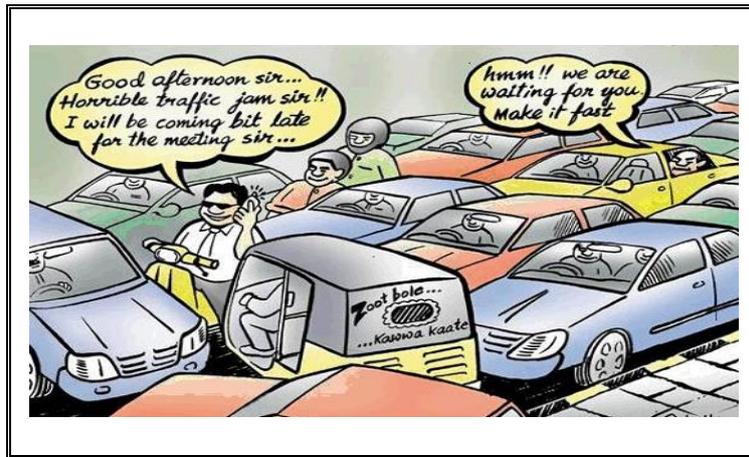
(i.) Identify one cause of traffic congestion on roads in Fiji.

_____.

(1 mark)

(ii.) Identify one effects of traffic congestion in the economy.

_____.

(1 mark)

(iii.) State two policies implemented by Fijian government which contributes to Green Growth by transport.

_____

_____

_____

_____.

(2 marks)

(iv)   Explain the concept of multiplier effect in relation to tourism industry?

_____

_____

_____.

(1 mark)

(v)   Explain the concept of sustainable tourism?

_____

_____.

(1 mark)

Price Elasticity of Supply

1. Calculate the coefficient of price elasticity of supply (PES) for the following situations:

(i.)   The quantity supplied for a product decreased by 40% in relation to a 5% fall in its price.

_____

(1 mark)

(ii.)   The price of Good X increases from $300 to $100 and quantity supplied increases from 20,000 to 30,000.

_____

(2 marks)

2. Explain two determinants of Elasticity of Supply.

_____
_____
_____
_____.

(2 marks)

THE END