



higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

MARKING GUIDELINE

NATIONAL CERTIFICATE

JUNE EXAMINATION

PUBLIC FINANCE N5

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This marking guideline consists of 7 pages.

SECTION A

QUESTION 1

- 1.1 1.1.1 The transfer of government assets/functions to the private sector✓✓
 - 1.1.2 Value of services received is equal to the unit of money paid✓✓
 - 1.1.3 Government manipulation of goods and services for communities (Deals with government spending, taxation and borrowing)✓✓
 - 1.1.4 An award of financial assistance in the form of money✓✓
 - 1.1.5 Management of public funds or money✓✓
- (5 × 2) **[10]**

QUESTION 2

- 2.1 True✓✓
 - 2.2 True✓✓
 - 2.3 True✓✓
 - 2.4 True✓✓
 - 2.5 True✓✓
 - 2.6 False✓✓
 - 2.7 True✓✓
 - 2.8 True ✓✓
 - 2.9 False✓✓
 - 2.10 True✓✓
- (10 × 2) **[20]**

QUESTION 3

3.1 K✓✓

3.2 H✓✓

3.3 E✓✓

3.4 F✓✓

3.5 B✓✓

3.6 D✓✓

3.7 J✓✓

3.8 A✓✓

3.9 G✓✓

3.10 C✓✓

(10 × 2) [20]

TOTAL SECTION A: 50

SECTION B**QUESTION 4**

- 4.1 Co-ordination of financial policy✓✓
 Granting of permission beforehand✓✓
 Commenting on financial implications of new legislation and policy✓✓
 Annual revision of the budget and evaluation of priorities✓✓
 Guardian of public money✓✓
 Control over purchases and purchasing procedure
 (Contracting out or supply chain)
 Stocks and stores control
 Control of dispensation (Any 5 × 2) (10)
- 4.2
- Tax rates✓✓
 - Consumer tariffs✓✓
 - Raising of loans for the city✓✓
 - Capital expenditure✓✓
 - Operational expenditure✓✓
 - Creation and management of special funds (Any 5 × 2) (10)
- 4.3
- Manipulation of the money supply✓✓
 - Control of interest rates✓✓
 - Control of exchange rates✓✓
 - Indirect control of the inflation rate✓✓
 - Credit control✓✓ (5 × 2) (10)
- 4.4
- An appropriation by an act of government✓✓
 - A direct charge against the national revenue fund✓✓
 - A province's equitable share of revenue raised nationally and directly charged against the NRF✓✓
 - Provision of the constitution (Any 3 × 2) (6)
- 4.5
- Personally accountable for the financial administration of department✓✓
 - Prepares and submits department's draft budget to the treasury✓✓
 - Submits financial year-end statements of department for auditing✓✓
 - Submits the audited financial statements and auditor's report to the treasury✓✓
 - To execute the drafted budget honestly and responsibly✓✓
 - Must answer any queries about any item in the budget✓✓
 - Obtains funds from the treasury by means of requisitions which he/she must personally sign✓✓
 - Personally responsible and accountable for the actions of subordinates
 - Has to communicate and manifest the implementation of the general policy directives on decisions made by the legislature to subordinates (Any 7 × 2) (14)
- [50]**

QUESTION 5

- 5.1
- Health✓✓
 - Social security✓✓
 - Housing✓✓
 - Education/Training✓✓
 - Sports/Recreation✓✓
 - Cultural
 - Human sciences research (Any 5 × 2) (10)
- 5.2
- Denationalisation by taking the industry away from the government✓✓
 - Contracting out by allowing private individuals to supply services✓✓
 - Deregulation by taking away legal/monetary obstacles or regulations/laws so that an industry has no protection against competition from others✓✓
 - Depolitisation by divorcing or separating important services from party politics✓✓ (4 × 2) (8)
- 5.3
- 5.3.1
- Performance audit✓✓
 - Appropriation audit✓✓
 - Accounting audit✓✓ (3 × 2) (6)
- 5.3.2
- A performance audit is the examination of financial records to check the recording of transactions.✓✓
 An appropriation audit checks the spending of funds within a particular financial year according to legislation.✓✓
 An accounting audit checks efficiency and economy or possible waste.✓✓ (3 × 2) (6)
- 5.4
- 5.4.1
- The citizen has to approach the public protector's office and complete forms.✓✓ (2)
- 5.4.2
- Mismanagement/Misuse for private/personal gain
 Examples: funds, stock, equipment or personnel (Any 2 × 2) (4)
- 5.5
- To prevent fraud and theft✓✓
 - To ensure lawful spending of state money✓✓
 - To ensure recovery✓✓
 - To ensure effectiveness✓✓
 - To ensure accountability for finances according to the budget✓✓ (5 × 2) (10)
- 5.6
- Inflation✓✓
 - Operation costs✓✓
 - Technological development
 - Political/Social instability (Any 2 × 2) (4)
- [50]

QUESTION 6

- 6.1
- Income tax/P.A.Y.E.✓✓
 - Interest on dividends received by investors✓✓
 - Tax on goods – Value-added tax (VAT), customs and excise duties✓✓
 - Tax on foreign shareholders✓✓
 - Tax on profits✓✓
 - Tax on fringe benefits
 - Tax on international trade transactions
 - Ad valorem tax
 - Airport taxation (Any 5 × 2) (10)
- 6.2 Provide grants to assist smaller or poorer communities that will result in positive spill-over effects✓✓
- Communities are developed and supplied with basic services like sanitation, clean water, electricity, security, health care, transport, etc.✓✓
- Creation, improvement and maintenance of infrastructure, e.g. building of roads, schools✓✓
- Community radio stations benefit by improved technology✓✓
- Co-ordinate and maintain government departments: education, health, law and order, social services, housing, rural development, forestry, research, etc.✓✓
- Economic development, government businesses and parastatals, maintain economic stability, maintain favourable balance of payments and encourage export, while protecting local industry and business (Any 5 × 2) (10)

- 6.3
- No tax or other charges can be collected from taxpayers without their consent, and the tax burden must be distributed in a reasonable and fair way. ✓✓
 - The use of public finances must satisfy collective needs optimally. ✓✓
 - Users of public sector must participate directly in decision making. ✓✓
 - Financial resources must be applied effectively and efficiently and financial decision making should be fair. ✓✓
 - Only the ruling party has the authority to introduce and collect tax and to decide how funds collected will be spent. ✓✓
 - The ruling party should display responsibility and accountability to taxpayers regarding the collection and spending of tax and other income.
 - Public officials must be sensitive and responsive to the collective needs of the community.
 - The execution of budget programmes should satisfy the needs of the public.
 - Social equity or justice should be displayed by public officials maintaining high moral and ethical standards.
 - All public officials should remain accountable to the taxpayers – the public should know what's happening with their tax. (Any 5 × 2) (10)
- 6.4
- Needs of the community/voters/taxpayers ✓✓
 - Goals of the government ✓✓
 - Functions/Duties to be carried out ✓✓
 - Nature of public services to be rendered ✓✓
 - Sources of income to finance the goals ✓✓
 - Administration and control of such income (5 × 2) (10)
- 6.5
- Poor co-ordination of services/projects ✓✓
 - Duplication of services/projects ✓✓
 - Waste of public resources ✓✓
 - Irresponsible and not caring about government equipment and stocks ✓✓
 - Creation/Modification of work programmes and changing these a few years later ✓✓
 - Poor control measures (Any 5 × 2) (10)
- [50]

TOTAL: 200