higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

MARKING GUIDELINE

NATIONAL CERTIFICATE

JUNE EXAMINATION

PUBLIC FINANCE N5

13 JUNE 2014

This marking guideline consists of 6 pages.

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SECTION A

QUESTION 1

1.1	1.1.1	B
	1.1.2	C
	1.1.3	B
	1.1.4	A
	1.1.5	D
	1.1.6	C
	1.1.7	D
	1.1.8	D
	1.1.9	D
	1.1.10	C

(10 x 2) **[20]**

QUESTION 2

2.1	F
2.2	G
2.3	J
2.4	B
2.5	I
2.6	H
2.7	A
2.8	C
2.9	E
2.10	D

(10 x 2) **[20]**

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QUESTION 3

3.1	3.1.1	True
	3.1.2	True
	3.1.3	True
	3.1.4	True
	3.1.5	True
	3.1.6	True
	3.1.7	True
	3.1.8	False
	3.1.9	True
	3.1.10	False

(10 x 2) **[20]**

QUESTION 4

4.12	4.1.1	Reconstruction and Development Programme
	4.1.2	Value of services received is equivalent to the unit of money paid
	4.1.3	Department of state Finances
	4.1.4	Taxes on imports
	4.1.5	Value Added Tax

(5 x 2) **[10]**

QUESTION 5

5.1
- Military defence (army/soldiers) ✓✓
- Police ✓✓
- Justice ✓✓
- Imprisonment ✓✓
- State security ✓✓
- Civil defence
- Traffic policing

(Any 5 x 2) (10)

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5.2 Public Services
Collective/Public services

Financing by means of taxes ✓✓
Services are of a collective and common nature ✓✓ (user does not pay)
Example: policing and defence or ✓✓ (Any relevant example)
Particular services

Financing by means of consumer levies /tariffs ✓✓
Payable by the users of such services ✓✓
Example: electricity and property tax or ✓✓
(Any relevant example)
Quasi-collective services

Financing by means of taxes ✓✓ or user levies (consumer tariffs) ✓✓
These types of services are of a semi-collective Collective/Particular)
nature ✓✓
Example: education, health and fire protection
(Any relevant example) (2x10) (20)
[30]

SECTION A: 100

SECTION B

QUESTION 6

6.1 A Grant: Is an award of financial assistance in the form of money and does not have to be paid back. ✓ ✓
A loan: Money borrowed from financial institutions or private lenders ✓and must be paid back with interest. ✓ (2 x 2) (4)

6.2 Determination of financial needs✓✓
Determination of financial capacity✓✓
The division of sources of income✓✓ (Any 4 x 2) (8)

63. The departmental financial officer does : the actual work of Accounting and Bookkeeping ✓✓ (2 x 1) (2)

6.4 Denationalisation ✓– (taking the industry away from the government) ✓
Contracting out✓ – (allowing private individuals to supply services) ✓
Deregulation ✓ – (taking away legal/monetary obstacles or regulations/laws so that an industry has no protection against competition from others) ✓
Depolitisation ✓ – (divorcing or separating important services from party politics ✓ (4 x 2) (8)

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6.5
- Co-ordination of financial policy. ✓✓
- Granting of permission beforehand. ✓✓
- Commenting on new legislation and policy, ✓✓as far as their financial implications are concerned. ✓✓
- 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 7 x 2) (14)

6.6
- The Bank of the National Government of South Africa ✓✓
- Controls the National Revenue Fund ✓✓
- Funding the Exchequer✓✓
- Release/Issue bank notes and coins✓✓
- Custodian of the country's gold reserves ✓✓
- Protect the value of the South African currency – the Rand
- Controls interest rate, by manipulating the Repo rate
- Control money supply and credit levels
- The bank of the commercial banks in South Africa – Lends them money
- Monitors activities of other banks and financial institutions –
- Ensure banks and financial institutions do not endanger the client's money
- Formulate, enforce and administer the monetary policy of South Africa
- Acts as lender of the last resort in times of economic crisis
- Controls foreign exchange reserves held in the country

(Any 7 x 2) (14)

[50]

QUESTION 7

7.1.1
- Sources of income to the local authorities
- Equitable share of revenue raised nationally ✓✓
- Levies, other than income tax ✓✓ example: removal – building/garden refuse
- Rates on property (property taxes) ✓✓
- Flat-rate surcharge on the tax bases ✓✓
- Levy or duty that is imposed by national legislation✓✓ example: hospital
- Excise taxes, and Traffic fines for dumping dirt
- User charges (consumer tarriffs) like example: electricity and water supply,
- sewerage services and (rate and taxes)
- Issuing of permits and licences, Example: trades/hawkers, tourism initiatives,
- dogs and bicycles, fresh produce and abbatoirs and graveyard permits.

(Any 5 x 2) (10)

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7.1.2
- In terms of an appropriation. ✓✓
- By an act of government. ✓✓
- Or as a direct charge against the National Revenue Fund. ✓✓
- When it is provided for in the Constitution. ✓✓
- Or an act of Parliament. ✓✓ (5 x 2) (10)

7.1.3
- 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/taxpayers ✓✓ must participate directly in decision making. ✓✓
- Financial resources must be applied effectively and efficiently to satisfy collective needs (fair and reasonable allocation of resources)
- Only the ruling government of the day has the authority to
- introduce ✓✓ and collect taxes, ✓✓and decide how and what funds collected will be spent. ✓✓
- The ruling party should display responsibility and accountability to taxpayers ✓✓for the collection and spending of taxes and other income. ✓✓
- Public officials must be sensitive and responsive to the collective needs of the community. ✓✓ (listen to their needs and solve)
- The execution of budget programmes should satisfy the needs of the public. ✓✓ (expenditure funds must be only on items budgeted)
- Social equity or justice should be displayed by public officials by maintaining high moral and ethical standard. ✓✓ (intergrity, honesty,
- Responsible – personal characteristics) ✓✓
- Public accountability – The public should be made aware about all financial transaction utilized from public funds ✓✓ (10 x 3) (30)

[50]

SECTION B : 100

TOTAL: 200

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