higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

**NATIONAL CERTIFICATE**

# PUBLIC FINANCE N5

(21010045)

**14 June 2021 (X-paper)**
**09:00–12:00**

**This question paper consists of 5 pages.**

305Q1J2114

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# DEPARTMENT OF HIGHER EDUCATION AND TRAINING
# REPUBLIC OF SOUTH AFRICA

NATIONAL CERTIFICATE
PUBLIC FINANCE N5
TIME: 3 HOURS
MARKS: 200

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**INSTRUCTIONS AND INFORMATION**

1. Answer all the questions.
2. Read all the questions carefully.
3. Number the answers according to the numbering system used in this question paper.
4. Start each section on a new page.
5. Use only a black or blue pen.
6. Write neatly and legibly.

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## SECTION A

## QUESTION 1

1.1 Explain the following terms:

1.1.1 Laissez-faire approach

1.1.2 Tender board

1.1.3 Indirect participation

1.1.4 Imprisonment

1.1.5 Allocation of funds

1.1.6 Financial service

1.1.7 Parliament

1.1.8 Economic welfare

1.1.9 Democracy

1.1.10 The public protector

(10 × 2) (20)

1.2 Indicate whether the following statements are TRUE or FALSE by writing only 'True' or 'False' next to the question number (1.2.1–1.2.15) in the ANSWER BOOK.

1.2.1 The budget is debated in parliament so that all political representatives from all parties have a chance to see whether the democratic principles are being followed or not.

1.2.2 The auditor general may summon any person or legal body to give evidence.

1.2.3 Monetary control means the control of exchange rates (rates of exchange with foreign currencies).

1.2.4 The maintenance of roads was always considered a collective service because the funding came directly from tax.

1.2.5 The chief financial officer is responsible for the correctness of financial transactions and also has to submit reports to the financial committee of the council.

1.2.6 Contracting out means to allow private individuals to supply services.

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1.2.7 A price per unit can be determined for services which make it apportionable services.

1.2.8 The accounting officer has the authority to collect, handle and utilise state funds.

1.2.9 Waterworks is an example of a state enterprise.

1.2.10 The current trend by municipalities to place a box in each house which indicates the rate of supply of electricity is an attempt to make people aware of their consumption.

1.2.11 The legislature is responsible for safeguarding public funds.

1.2.12 Parliament is the guardian of the public revenue and money.

1.2.13 Municipalities get their revenues from the use of sports facilities, excise duties and renting of property.

1.2.14 The voter and taxpayer has what is called original authority in a true democracy.

1.2.15 Direct participation takes place via the elected political representative or official.

(15 × 2) (30)
**[50]**

**TOTAL SECTION A: 50**

## SECTION B

## QUESTION 2

2.1 Name the financial functions of the executive authority at central government level. (4 × 2) (8)

2.2 Discuss the way in which central government uses revenue and issues grants to local or provincial powers in order to lessen the effect of vertical inequalities in financial prosperity and capacity. (5 × 2) (10)

2.3 Briefly discuss TEN democratic principles for public financial management. (10 × 2) (20)

2.4 State the objectives and function of the financial and fiscal commission.(5 × 2) (10)

2.5 Name TWO determinations of the financial needs of the community. (2)
**[50]**

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## QUESTION 3

| | | | |
|---|---|---|---|
| 3.1 | Name and briefly explain FIVE characteristics of particular services. | (5 × 4) | (20) |
| 3.2 | State NINE tasks and functions of the chairperson of the finance committee. | (9 × 2) | (18) |
| 3.3 | Name THREE points of determining financial capacity. | (3 × 2) | (6) |
| 3.4 | State THREE authorities in the hierarchy of control of the national government. | (3 × 2) | (6) |
| | | | **[50]** |

## QUESTION 4

| | | | | |
|---|---|---|---|---|
| 4.1 | 4.1.1 | Briefly describe intergovernmental grants. | (3 × 2) | (6) |
| | 4.1.2 | Name and explain THREE types of intergovernmental grants. | | (16) |
| 4.2 | | Name THREE methods of privatisation. | (3 × 2) | (6) |
| 4.3 | | Name and discuss SIX functions of the treasury. | (6 × 3) | (18) |
| 4.4 | | State FOUR responsibilities of the government of a laissez-faire system towards citizens with regard to the climate of free competition among the citizens within the national community. | | (4) |
| | | | | **[50]** |

**TOTAL SECTION B: 150**
**GRAND TOTAL: 200**

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