higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

MARKING GUIDELINE

NATIONAL CERTIFICATE

PUBLIC FINANCE N5

2 DECEMBER 2019

This marking guideline consists of 6 pages.

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SECTION A

QUESTION 1

1.1	1.1.1	True
	1.1.2	True
	1.1.3	True
	1.1.4	True
	1.1.5	False
	1.1.6	True
	1.1.7	False
	1.1.8	True
	1.1.9	False
	1.1.10	True
	1.1.11	True
	1.1.12	False
	1.1.13	True
	1.1.14	True
	1.1.15	False

(15 × 2) (30)

1.2	1.2.1	J
	1.2.2	F
	1.2.3	G
	1.2.4	H
	1.2.5	I
	1.2.6	E
	1.2.7	D
	1.2.8	A
	1.2.9	B
	1.2.10	C

(10 × 2) (20)
[50]

TOTAL SECTION A: 50

SECTION B

QUESTION 2

2.1 Consensus decision making✓✓

- Consensus decision making takes place when a decision is reached by a group through discussion or majority will.✓✓

Condition with regard to consensus decision making✓✓

- The group/community must be small so that each member or citizen can take part in the final decision.✓✓
- The citizens/members must agree on the final decision.✓✓
- It is difficult to satisfy the needs of the whole group and it can become an expensive system of decision making.✓✓

Majority decision making✓✓

- Means that the decision of the majority is final.✓✓
- The decision is based on a 50 + 1 vote.✓
- The minority's needs are often neglected.✓ (9 × 2) (18)

2.2

- The State owns the means of production.
- Government decides on how and for what purpose the production factors shall be employed.
- There is a ban on all capitalist or free market systems.
- Redistribution of income takes place through severe use of taxation.
- Social security benefits, such as pensions, unemployment benefits, free health service and education, are collectively provided for out of progressive tax sources.
- Government guarantees a minimum standard of living. (6 × 2) (12)

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2.3 Coordination of financial policy
Must ensure a balance of the expenditure – not too much should be spent on one programme in comparison with that spent on an equally important programme.

- Granting of permission beforehand✓ – if a department plans any changes to a programme, the Treasury must be informed so that it can study the financial implications.✓
- Evaluation of new policies and legislation✓ – it must advise the legislature on the financial implications (costs) of any new policies and laws.✓
- Review of the budget✓ – Treasury should determine whether all government departments have properly motivated budget proposals.✓
- Guardian of public money✓ – Treasury acts as watchdog; it controls the withdrawal of funds by all government departments.✓
- Control of stock and stores✓ – The control of stock in warehouses and stores is vital, because large amounts of stock representing vast amounts of money are invested here.✓
- Dispensation function✓ - Treasury has the authority to grant dispensation, which is given to it by the legislature.✓
- Control of purchases and purchasing procedure✓ – Treasury controls this through a State tender board.✓
- Ensuring financial policy – Make sure that financial policy is correctly interpreted and effectively and efficiently executed.
- Act as impartial body to avoid corruption – All approvals of dispensations are reported by the State auditor in his annual report to the legislature and the Treasury is expected to explain all its approvals of dispensation to the Public Account Committee. (10 × 2) (20)

[50]

QUESTION 3

3.1
- Economic development planning to secure an increase in GDP
- Helping new entrepreneurs for commercial development
- Stimulating export production, import replacement production
- Creating work opportunities
- Promoting trade with foreign countries through official visits and trade conferences (5 × 2) (10)

3.2
- The preparation of the budget
- Bookkeeping
- Auditing of financial transactions
- Control over expenditure
- Control over property
- Control over contracts and purchasing
- Control over taxation (7 × 2) (14)

3.3 3.3.1 Grant✓ – giving funds for a specific purpose.✓ (2)

3.3.2
- Unconditional grants✓✓ – Means that the funds are allocated without any condition attached.✓✓
- Conditional grants✓✓ – Are given with the specific conditions attached as to the spending of the money; the condition may be in the form of board guidelines of specific prescriptions.✓✓
- Project grants✓✓ – Are made for the funding of specific capital projects.✓✓ (3 × 4) (12)

3.3.3
- Unconditional grants✓ – example: Balance the income and financial needs or debts.✓
- Conditional grants✓ – example: Provincial libraries, et cetera✓
- Project grants✓ – example: Housing, construction of dam, et cetera ✓ (3 × 2) (6)

3.4
- Per capita income of a community
- The revenue potential of an ideal tax system
- Representative revenue system (3 × 2) (6)

[50]

QUESTION 4

4.1
- No tax or other charges can be collected from taxpayers without their consent.
- Utilisation of public financial resources must satisfy the collective needs optimally.
- Participatory democracy means direct participation by the taxpayers.
- Public financial decision making should be fair.
- Only the collective body of elected political representatives has the authority to introduce taxes, collect taxes, and to decide how and on what they will spend it.
- Responsibility and accountability of the elected political representative are owed to the taxpayer for the collection and spending of taxes and other income.
- Political representatives must be sensitive and responsive to the collective needs of the community.
- The execution of budget programmes should satisfy the need of the public, the executive authority.
- Social equity or justice
- All activities regarding public financial management must take place in public and not under the cover of confidentiality. (Any 6 × 2) (12)

4.2
- Property tax
- Tariffs charged for services, such as water usage, electricity usage and waste and refuse removal
- The use of sport facilities
- Excise duties
- Traffic fines
- Special programmes designed to generate funds
- The renting of property
- The raising of loans (Any 6 × 2) (12)

4.3
- To encourage a policy of private initiative
- To reduce excessive government spending
- To lower the financial burden of government
- To promote the efficient/effective utilisation of resources
- To increase the tax base (5 × 2) (10)

4.4
- Estate duty✓ – Is the tax also called succession or death duty.✓
- Donations tax✓ – The State adds all donations that deceased people make during their lives to the value of their estate for the estate duty purposes.✓
  A donation is a free transfer of property and a transfer of rights to any property.
- Transfer duty✓ – The cost of transfer of ownership of the property from one owner to another.✓
- Value-added tax (VAT)✓ – VAT is a sales tax levied on each successive stage of trading.✓
- Stamp duty✓ – This is a tax imposed on personal property, such as agreements and contracts.✓
- Excise duty (sin tax)✓ – Is a tax imposed on tobacco, alcohol and gasoline (petrol).✓ (6 × 2) (12)

4.5 Vertical fiscal equity
- All government institutions at all levels should have the ability to pay for the services demanded by their voters and citizens.

Horizontal fiscal equity
- It is almost impossible to have absolute equality between governments at the same level. Some communities will always be wealthier than others. (2 × 2) (4)

[50]

TOTAL SECTION B: 150
GRAND TOTAL: 200

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