higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

NATIONAL CERTIFICATE

PUBLIC FINANCE N5

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09:00–12:00

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DEPARTMENT OF HIGHER EDUCATION AND TRAINING
REPUBLIC OF SOUTH AFRICA

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

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. Write neatly and legibly.

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SECTION A

QUESTION 1

1.1 Indicate whether the following statements are TRUE or FALSE. Choose the answer and write only 'True' or 'False' next to the question number (1.1.1–1.1.15) in the ANSWER BOOK.

1.1.1 A pure democracy is a democracy in which the power to govern lies directly in the hands of the people, rather than being exercised through their representatives.

1.1.2 Parliament has to decide how to allocate taxpayers' money to render services to the people.

1.1.3 Income tax from taxpayers is a source of income from central government.

1.1.4 A true economic welfare state attempts to maintain and promote a democratic, free-enterprise politico-economic system.

1.1.5 Insatiable means fulfilled, quenchable or appeaseable.

1.1.6 Indirect participation takes place via an elected political representative or official.

1.1.7 The South African government can be categorised as a socialist or communist government.

1.1.8 Vertical revenue sharing takes place to reduce externalities and inequalities.

1.1.9 A municipality may impose rates on property, excise taxes and income tax.

1.1.10 Personnel services offer support in supplying personnel through job analysis, human resource planning, recruiting, et cetera.

1.1.11 Unconditional grants mean funds that are allocated without any condition attached.

1.1.12 The president can appoint the public protector, who reports directly to the president.

1.1.13 Social equity or justice means maintaining high moral and ethical standards.

1.1.14 Public income is equal to the total revenue of all government institutions from all sources.

1.1.15 *Laissez-faire* means that the government intervenes in the private economy or social activities of individual citizens or groups.

(15 × 2) (30)

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1.2 Choose a description from COLUMN B that matches a term in COLUMN A. Write only the letter (A–J) next to the question number (1.2.1–1.2.10) in the ANSWER BOOK.

COLUMN A		COLUMN B	
1.2.1	Expenditure of public money	A	concerned with the management of public funds or money
1.2.2	Review of budget	B	means unfulfilled, unquenchable or unappeasable
1.2.3	Economic welfare	C	an Act of Parliament will regulate the acquisition of any goods or services through an impartial tender board
1.2.4	Financial accounting	D	desirable minimum levels of service are determined, as well as the cost to supply such a service
1.2.5	Depoliticisation	E	the financial need is measured in terms of rendering an average standard of service
1.2.6	Ideal criterion	F	Treasury should determine whether all government departments have properly motivated budget proposals
1.2.7	Average criterion	G	aimed at the development of the economic and material prosperity of an individual
1.2.8	Public financial management	H	keeping of all records of income and expenditure
1.2.9	Insatiable demand	I	divorcing or separating important service from party politics
1.2.10	Tender boards	J	spending the money honestly and responsibly, which entails spending the money effectively and efficiently

(10 × 2) (20)

[50]

TOTAL SECTION A: 50

SECTION B

QUESTION 2

2.1	Briefly elaborate on TWO decision-making systems where decisions are made collectively.	(9 × 2)	(18)
2.2	List SIX characteristics of socialism.	(6 × 2)	(12)
2.3	State and explain FIVE functions of Treasury.	(10 × 2)	(20)
			[50]

QUESTION 3

3.1	Mention FIVE forms of stimulation of economic development in order to create more wealth and prosperity for the citizens.	(5 × 2)	(10)
3.2	List SEVEN guidelines that comprise the external statutory control.	(7 × 2)	(14)
3.3	The primary objective of grants is to ensure that each government authority has sufficient financial means to supply a minimum level of the public service without imposing a further tax burden on that specific community.		
3.3.1	Explain the term *grant*.		(2)
3.3.2	Briefly explain THREE intergovernmental grants.	(3 × 4)	(12)
3.3.3	List THREE examples of intergovernmental grants.	(3 × 2)	(6)
3.4	Name THREE criteria that can be used to determine financial capacity.	(3 × 2)	(6)
			[50]

QUESTION 4

4.1	List SIX democratic principles of financial systems.	(6 × 2)	(12)
4.2	Mention SIX sources from which the municipality gets their revenue.	(6 × 2)	(12)
4.3	State FIVE reasons why the state privatises its services.	(5 × 2)	(10)
4.4	Briefly list and explain other types of property taxes that are sources of revenue for the central government.	(6 × 2)	(12)
4.5	Differentiate between *vertical* and *horizontal fiscal equity*.	(2 × 2)	(4)
			[50]

TOTAL SECTION B: 150
GRAND TOTAL: 200

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