



**higher education
& training**

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

MARKING GUIDELINE

NATIONAL CERTIFICATE

PUBLIC FINANCE

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This marking guideline consists of 7 pages.

SECTION A**QUESTION 1**

1.1	1.1.1	B	(10 × 2)	(20)
	1.1.2	C		
	1.1.3	A		
	1.1.4	D		
	1.1.5	A		
	1.1.6	C		
	1.1.7	B		
	1.1.8	D		
	1.1.9	B		
	1.1.10	C		
1.2	1.2.1	True	(10 × 2)	(20)
	1.2.2	True		
	1.2.3	True		
	1.2.4	False		
	1.2.5	False		
	1.2.6	True		
	1.2.7	False		
	1.2.8	True		
	1.2.9	False		
	1.2.10	True		
1.3	1.3.1	User charges	(10 × 2)	(20)
	1.3.2	Treasury		
	1.3.3	Laissez-faire		
	1.3.4	Horizontal revenue sharing		
	1.3.5	National legislature		
	1.3.6	Director-General		
	1.3.7	Representative democracy		
	1.3.8	Cabinet		
	1.3.9	The Public Protector		
	1.3.10	Project grants		

1.4	1.4.1	C
	1.4.2	E
	1.4.3	A
	1.4.4	B
	1.4.5	D
	1.4.6	I
	1.4.7	F
	1.4.8	J
	1.4.9	H
	1.4.10	G

(10 × 2) (20)
[80]

TOTAL SECTION A: 80

SECTION B

QUESTION 2

- 2.1
- Electricity and water supply
 - Sewage services
 - Licencing fees
 - The issuing of permits
 - Local enterprises such as abattoirs and fresh produce markets (Any 3 × 2) (6)
- 2.2
- Keeping of financial records.
 - Collection/Payment of all money due to and by the council.
 - Registration of loans and interest payments of the loans.
 - Management of all funds and investments.
 - Recording of capital assets and depreciation thereof.
 - Purchasing and safekeeping of all stores and materials. (Any 5 × 2) (10)

- 2.3
- Co-ordination of financial policy✓ – it must ensure a balance of expenditure.✓ There should not be more money 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 and give advice.✓
 - Evaluation of new policies and legislation✓ – it must advise the legislature on the implications of any new policies and laws.✓✓
 - Review of the budget✓ – the Treasury should determine whether all governments departments have properly motivated budget proposals,✓ and check if the proposed expenditure is in agreement with the financial policy of the government.✓
 - Guardian of public money✓ – the Treasury acts as a watchdog;✓ it controls the withdrawal of funds by all government departments and protects against wastage of taxpayers' money.✓
 - Control of purchases and purchasing procedure – this is done by a State Tender Board; e.g. the buying of stock, equipment and machinery.
 - Control of stock and stores – This is done by debiting the account of the department against its expenditure account (budget vote) with the value of stock withdrawn.
 - Dispensation function – the Treasury has the power to approve remissions as an act of grace for money due to the state; or approve refunds of revenue as an act of grace. (Any 5 × 3) (15)
- 2.4
- Order and protection✓ – e.g. police and defence✓
 - Social or national welfare✓ – e.g. health, education, pensions✓
 - Economic welfare✓ – stimulation of economy using fiscal (tax) and monetary control (interest rates) (3 × 2) (6)
- 2.5
- Laissez-faire
 - Socialism/Communism
 - Social welfare state
 - Economic welfare state (Any 3 × 1) (3)
- [40]**

QUESTION 3

- 3.1
- | HORIZONTAL REVENUE SHARING | VERTICAL REVENUE SHARING |
|--|--|
| <ul style="list-style-type: none"> This is sharing of revenue between government authorities on the same level,✓ and achieved by distribution of the tax base.✓ This is very important in a metropolitan area where externalities play an important role,✓ as with motor vehicle transportation, etc.✓ (2 × 2) | <ul style="list-style-type: none"> This is sharing of revenue between the various government levels within one state,✓ e.g. central, provincial or regional and local governments.✓ Tax may be imposed at one level and spent on another level.✓✓ Good intergovernmental relations are essential here. VRS takes place to lessen externalities and inequalities. Financial grants from the central government to regional and local government are efforts to reduce vertical inequalities. (Any 2 × 2) |
- (2 × 4) (8)
- 3.2
- Denationalisation –taking the industry away from government✓
- There is simply a sale of assets.✓
 - There must be no protection from competition from other companies who wish to provide similar services.✓
- Contracting out – allowing private individuals to supply services✓
- This is a popular way of privatisation of public services – local or national authorities still have to pay for the services,✓ but supply of service is placed in the hands of private entrepreneurs through tendering.✓
- Deregulation – taking away legal/monetary obstacles or regulations/laws so that an industry has no protection against competition from others ✓
- This involves the removal of any law or regulation,✓ which stops private companies from competing with government departments or state corporation, e.g. cellular phones providers.✓
- Depoliticisation✓
- This involves separating important services from party politics.✓
 - Many services such as supply of water should never be a political matter.✓ (4 × 3) (12)
- 3.3
- Communication with the Legislature and preparation of reports. (8)
 - Communication with the Administrative Authority, which must execute financial legislation and approve budgets to render services.
 - Communication with interest groups to determine the needs, wishes, expectations and problems of the community.

- Control over the activities of the Administrative Authority. (4 × 2)

- 3.4
- Ideal criterion✓ – This is where the desirable minimum levels of service are determined✓ as well as the cost to supply such a service.✓
 - Average criterion✓ – This is where determination is measured according to the financial need✓ in terms of rendering an average standard of service.✓
- (2 × 3) (6)
- 3.5
- Financial accounting✓ – keeping of all records of income and expenditure in his/her department.✓
 - Safe keeping✓ – looking after the money which has been collected or received.✓
 - Expenditure of public money✓ – spending the money honestly and responsibly.✓
- (3 × 2) (6)
- [40]**

QUESTION 4

- 4.1
- 4.1.1 The tendency of a national government✓ to retain control of services, etc.,✓ at a central level.✓
- 4.1.2 A situation where industries✓ are run by the state✓ and are all under the control of one minister.✓
- 4.1.3 A tremendous surge✓ and movement of people✓ to cities.✓
- 4.1.4 Total revenue✓ of all government income✓ from all sources.✓
- (4 × 3) (12)
- 4.2
- Free access to all financial records, stock, personnel records, etc.
 - The right to demand any information concerning financial statements.
 - The right to determine whether public funds have been spent efficiently.
 - The right to make enquiries on any matter concerning the activities of the Executive and the Administrative Authority.
 - Has the power to summon any official to testify on matters regarding audits.
- (5 × 2) (10)
- 4.3
- Maintenance of law and order (protection services).
 - Enforcement of contracts by law courts (legal protection).
 - Protection of private lives.
 - Protection of private property (legal/social protection).
 - Defence of national community against any enemy.
- (5 × 2) (10)

4.4	4.4.1	This is money given out by higher authorities✓ to lessen the effect of financial inequalities between communities that differ greatly in financial prosperity and capacity.✓	(2)
	4.4.2	The primary purpose of grants is to ensure that each government authority has sufficient financial means✓ to supply a minimum level of public service,✓ without imposing a further tax burden on that specific community.✓ This is done to encourage each government authority✓ to supply minimum basic services,✓ comparative to those of other authorities at the same level.✓	(6) [40]
TOTAL SECTION B:			120
GRAND TOTAL:			200