



higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

MARKING GUIDELINE

NATIONAL CERTIFICATE

PUBLIC FINANCE N5

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This marking guideline consists of 6 pages.

SECTION A

QUESTION 1

1.1	1.1.1	B	(10 × 2)	(20)
	1.1.2	A		
	1.1.3	D		
	1.1.4	C		
	1.1.5	B		
	1.1.6	A		
	1.1.7	D		
	1.1.8	B		
	1.1.9	C		
	1.1.10	D		
1.2	1.2.1	True	(10 × 2)	(20)
	1.2.2	False		
	1.2.3	True		
	1.2.4	True		
	1.2.5	False		
	1.2.6	False		
	1.2.7	False		
	1.2.8	False		
	1.2.9	True		
	1.2.10	True		
1.3	1.3.1	D	(5 × 2)	10) 10) [50]
	1.3.2	C		
	1.3.3	B		
	1.3.4	F		
	1.3.5	A		
TOTAL SECTION A:			50	

SECTION B

QUESTION 2

- 2.1
- The government guarantees a minimum standard of living.
 - Redistribution of income takes place through severe use of taxation.
 - Social Security benefits such as pensions, unemployment benefits and education.
 - There is a ban on all capitalist or free market systems.
 - The government decides on how and for what purpose the production factors shall be employed.
 - It acknowledges particular and private ownership of the factors of production.
- (Any 3 × 2) (6)
- 2.2
- Performance audits✓ – These look at efficiency, economy and possible waste, changes for greater efficiency may also be recommended.✓✓
 - Accounting audits✓ – These are the examination of financial records to check for correctly recorded transactions.✓✓
 - Appropriation audits✓ – These audits record whether funds are being spent within a particular financial year and according to the Legislature's wishes.✓✓
- (3 × 3) (9)
- 2.3
- Granting of permission beforehand
 - Ensuring financial policy
 - Controlling of purchases and purchasing procedures
 - Dispensation function
 - Controlling of stock and stores
 - Guardian of public money
 - Reviewing of the budget
 - Evaluation of new policies and legislation
 - Acting as impartial body to avoid corruption
- (Any 5 × 2) (10)
- 2.4
- Income tax
 - Airport tax
 - Ad valorem tax
 - Fringe benefits tax
 - Tax on international trade transactions
 - Value-added tax (VAT)
 - Customs and excise duties
 - Interest on dividends
 - Import tax and export tax
 - Raising of loans
 - Donations
- (Any relevant 6 × 2) (12)

- 2.5
- Financial accounting✓ – keeping of all records of income and expenditure✓✓
 - Safe-keeping✓ – ensuring safety of the money that has been collected✓✓
 - Expenditure of public money✓ – spending money honestly and responsibly✓✓ (3 × 3) (9)
- 2.6
- Insatiable demand means no matter how many services people have they will always demand more.
 - Limited funds mean some demands will be unfulfilled or unappeased. (Any relevant 2 × 2) (4)
- [50]

QUESTION 3

- 3.1
- No tax or other charges can be collected from taxpayers without their consent.
 - Utilisation of public financial resources must satisfy the collective needs optimally.
 - All activities regarding public financial management must take place in public and not under the cover of confidentiality.
 - Social equity or justice requires political representatives and public officials to act with integrity.
 - The execution of budget programmes should satisfy the need of the public and the executive authority.
 - Political representatives must be sensitive and responsive to the collective needs of the community.
 - Participatory democracy means direct participation by the tax payers.
 - Public financial decision-making should be fair.
 - Only the collective body of elected political representatives has the authority to introduce taxes, collect taxes and decide how and on what they will spend it.
 - Responsibility and accountability of the elected political representatives are owed to the taxpayer for the collection and spending of taxes and other income. (Any 7 × 2) (14)
- 3.2
- Compulsory bookkeeping
 - Preparation of the budget
 - Control over fixed property
 - Control over revenue
 - Control over purchasing and contracting of goods
 - Control over expenditure and borrowing of money
 - Auditing of financial records
 - Powers of higher authorities to instruct investigation into financial activities (Any 5 × 2) (10)

- 3.3
- Non-proportionable✓ – Cannot be divided into consumptive units, and therefore, cannot be supplied per unit according to the free market principle of supply and demand, e.g. parks.✓✓
 - Inexhaustibility✓ – These cannot be depleted (used up) with use. As long as they are maintained they are always available.✓✓
 - Non-excludability✓ – This means that people cannot be excluded from using them, whether they are paying for them or not, e.g. a person cannot be prevented from using a public park.✓✓
 - Monopolistic in nature✓ – There is no competition except, between different levels of government.✓✓
 - No direct quid pro quo✓ – This means that not all receive value from this type of service, e.g. some people may never enter parks.✓✓ (5 × 3) (15)
- 3.4
- Determination of financial needs
 - Revenue sharing
 - The division of sources of income
 - Determination of financial capacity (4 × 2) (8)
- 3.5
- Education
 - Fire protection
 - Preventive health service (3)
- [50]**

QUESTION 4

- 4.1
- A statement of intent:✓ reflecting the ideology of the ruling party.✓✓
 - A work programme:✓ it should indicate how that department intends providing services. ✓✓
 - A source of information:✓ exactly which and how many services will be provided. Previous budgets serve also as a record.✓✓
 - A means of promoting accountability:✓ the budget is often used as a reference when mismanagement occurs or is suspected.✓✓
 - An instrument of control:✓ departments can gauge how much or how little to spend on a programme.✓✓ (5 × 3) (15)
- 4.2
- Urbanisation
 - Maladministration and corruption
 - National disasters, e.g. Covid-19 and it's variants
 - Allocation of extra functions (duties)
 - Technological development
 - Political and social instability
 - Increase in social demands
 - Inflation: Its effects on capital and operational costs
 - Climate change
 - High crime rate (Any relevant 8 × 2) (16)

4.3	4.3.1	• A coalition is the joint agreement between two or more parties✓ • in a multiple party system where there is no party holding an absolute majority.✓	(2)
	4.3.2	• It is formed if there is no clear majority. • Neither party A nor party B have the majority. • In order for party A or party B to have the majority, they have to seek an agreement with party C.	(Any 2 × 1) (2)
4.4		• National Road Fund • State Pension Fund • National Housing Fund • Central Energy Fund	(4)
4.5		• It encourages a policy of private initiative within a market-related economy. • It increases the tax base. Privatisation leads to increased economic activity through trade which leads to employment and more revenue. • It promotes the efficient/effective utilisation of resources in order to increase the economic prosperity of each taxpayer. • It reduces excessive government spending which is seen as the main cause of high inflation. • It lowers the financial burden of government and taxpayers.	(5 × 2) (10)
4.6	15%		(1) [50]
TOTAL SECTION B:			150
GRAND TOTAL:			200