

UNIVERSITY OF ESWATINI
FACULTY OF SOCIAL SCIENCE
BACHELOR OF ARTS (SOCIAL SCIENCE), YEAR 4

FINAL EXAMINATIONS PAPER: DECEMBER 2018

TITLE OF PAPER: PUBLIC FINANCIAL ADMINISTRATION
COURSE CODE: PAD 401
TIME ALLOWED: TWO (2) HOURS
INSTRUCTIONS:

- 1. ANSWER ANY TWO (2) QUESTIONS**
- 2. ALL QUESTIONS CARRY EQUAL MARKS**

Question1

The newly elected government has to make a decision on which public finance policy to adopt among the four available ideologies which have overtime influenced government's public finance objectives:

Discuss the available four ideologies, highlighting each one's goals, objectives and limitations. Which ideology would you recommend and why?

Question 2

- (A)
- i. Outline the characteristics and the functions of taxation.
 - ii. What is meant by *Tax Effectivity* ?
- B. Within taxation administration, *Special Tax incentive and Exemptions* are some of the strategies employed by governments to either achieve economic growth or welfare objectives. Explain the two strategies, giving examples of each.
- C. Gildenhuys (1993) mentions that *no tax or other charges can be collected from the tax-payer without their consent and the tax burden should be distributed in a reasonable and equitable way*, as a democratic principle. In practice, to what extent is this principle applied?

Question 3

"The Traditional item-budgeting system which was developed mainly for cash control purposes, and to ensure efficient and effective public administration, has limitations". (Gildenhuys 1997:541). This therefore led to the launch of *new budget reforms*.

- A) Outline the limitations of the traditional item- budgeting system.
- B) Give three new budgeting systems meant to address these limitations and explain the advantages and disadvantages of each of the three new systems.
- C) What are the requirements for budget reform success?

Question 4

The government of the Kingdom of Eswatini sometimes lacks money to pay the salaries of its public servants and its suppliers. As a Public Finance Analyst you are therefore required to advise the newly appointed Minister of Finance on the key aspects of an effective cash management in order to avoid future financial crisis. The advice should include an explanation of the objectives of cash management, the three-step process of cash management and the key requirements for the effective disbursement of cash management.