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# **Budget Balancing Game**



# Preparation



❖ **You were grouped into 4 groups before. Each group should have studied the following before attending this class:**

- 1. Analysis of Recurrent Public Expenditure by Policy Area Group**
- 2. Commentary on the Changes in Recurrent Public Expenditure in 2001-02**
- 3. Growth in Recurrent Public Expenditure in 2001-02 in Major Policy Area Groups**
- 4. Analysis of Total Public Expenditure by Policy Area Group**

# Discussion



- ❖ **From the materials you have read, you should have an idea about the 2001-02 Budget.**
  
- ❖ **Can you name the policy area groups?**

# Policy Area Group

- ❖ **Community & External Affairs**
- ❖ **Economic**
- ❖ **Education**
- ❖ **Environment & Food**
- ❖ **Health**
- ❖ **Housing**
- ❖ **Infrastructure**
- ❖ **Security**
- ❖ **Social Welfare**
- ❖ **Support**



# Discussion



❖ **Now, each group will be a policy area group and will debate on the budget later.**

- **Are you satisfied with the budget?**
- **Especially the part on your policy area?**
- **Do you want the Government to spend more on your area?**

# Basic Law



- ❖ **The Government should “follow the principle of keeping expenditure within the limits of revenue of drawing the budget, to strive to achieve a fiscal balance, avoid deficits and keep the budget commensurate with the growth rate of its gross domestic product”.**

# Basic Law

- ❖ **Based on the Basic Law, the Government should follow the principle of keeping expenditure within the limits of revenue, the budget of all policy area group can't be increased simultaneously.**
- ❖ **You should suggest ways for the Government to finance your request(s) in the debate.**



# **Aims of Debate**



- ❖ **To improve the budget;**
- ❖ **To reduce the budget deficit.**



# Discussion

- ❖ **Our Financial Secretary will decide which proposal(s) he/she will take after the debate. But before his/her final decision, you will have a say to vote.**



# Discussion

- ❖ **There will be points given to the policy area group for every dollar spent on its favorite projects ; but deducted for every dollar spent on other projects.**



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- ❖ **If the revised budget results in a smaller deficit, each group will receive an extra 100 points.**

# Discussion

❖ **You will have 10 minutes for discussion and planning.**

❖ **After 10 minutes, the 30 minutes-debate will commence.**



Teacher distribute flip-chart paper and marker(s) to each group for them to write their proposal.

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# Debate Starts!



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**Time's up!**



# Discussion

❖ **Please vote for your ideal proposal.**

❖ **Our Financial Secretary will disclose his/her choice.**



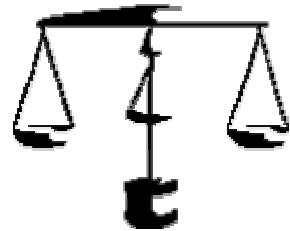
# Discussion



- ❖ **Do you know what are the other major issues raised in this Budget?**
- ❖ **Can you suggest the reasons behind the government effort to keep the budget balanced? What would happen if our budget has deficit every year?**
- ❖ **When will the government plan for a deficit budget?**

# Definition

- ❖ **Budget deficit – if government expenditures exceed tax revenues.**
- ❖ **Balanced budget –if government expenditures equal tax revenues.**





# Reference



- ❖ **Murphy, E.1994, “A Budget Balancing Game”. *Classroom Expernomics*, 3(1), Spring, Pp. 7-8.**

# Reference Websites



## ❖ **Key to Classification of Expenditure**

[http://www.info.gov.hk/fb/estimates/2001 —  
02/chinese/efile8.htm](http://www.info.gov.hk/fb/estimates/2001-02/chinese/efile8.htm)

## ❖ **Draft Estimates (English):**

<http://www.info.gov.hk/budget01-02/draftf.html>

## ❖ **Draft Estimates (Chinese):**

<http://www.info.gov.hk/budget01-02/draftfc.html>



❖ **Budget Highlight (Chinese):**

<http://www.info.gov.hk/budget01-02/bgtligfc.html>

❖ **Budget Highlight (English):**

<http://www.info.gov.hk/budget01-02/bgtligf.html>

❖ **Principles:**

[http://www.info.gov.hk/fb/budget/budget02-03/budget-consultation/pdf/e\\_budget\\_principles.pdf](http://www.info.gov.hk/fb/budget/budget02-03/budget-consultation/pdf/e_budget_principles.pdf)

