

Business Studies: Third Year

TASK	Write about the National Budget
TOPIC	Economic Awareness: The National Business <ul style="list-style-type: none"> ▪ The National Budget
LEARNING INTENTION	Students will acquire an understanding of national budgeting; how it affects them and their families. They will become aware of the influence of the Government on the economy and they will deepen their understanding of how the Government has to deal with scarcity and choice.
TASK DESCRIPTION	<p><i>Write about the National Budget and its importance for our country and the economy. In your answer, you should discuss the following:</i></p> <ul style="list-style-type: none"> - <i>scarcity and choice</i> - <i>the role of the Department of Finance/the Minister for Finance</i> - <i>other Government departments</i> - <i>types of government income and expenditure, and the main changes to both in the recent Budget</i> - <i>the options open to the Minister for Finance if there is a Budget surplus and/or a Budget deficit.</i> <p>Students completed this topic while in First Year. Class discussions were held following the recent Budget. This assignment was given as a class assignment shortly after the Budget.</p>
CRITERIA FOR SUCCESS	<p>Students will be able to:</p> <ul style="list-style-type: none"> ▪ discuss how scarcity and choice influence the Minister for Finance when s/he is preparing for the budget ▪ outline how the budget is planned for ▪ explain the different components of the budget ▪ discuss how a surplus can be achieved and a deficit can be dealt with.

The National Budget

The Budget is prepared by the Minister of Finance, Brian Cowen. It is usually published on the first Wednesday of every December.

The Government has only a limited amount of money and needs to choose ~~best~~ ^{ways} important ~~things~~ to spend the money, e.g. it's more important to cut hospital waiting lists than build a national stadium. **A**

For the past few years, the Irish Government has had a budget surplus which means current income is greater than current expenditure. This is very good for the economy and has earned Ireland the nickname of the "Celtic Tiger".

The Government receives money through Capital income and Current income. **B**

*** Current Income *** This is used to run the country on a daily basis & the main source of this is taxation, such as: VAT; Income Tax; DIRT; Customs + Excise duties and Corporation Tax.

Other sources of current income include EU grants + profits from state-owned companies.

*** Capital Income *** This is once-off income used for major items, eg: Borrowing, EU funds and privatisation.

Yesterday the top rate of tax was reduced from 42% to 41%.
But the bottom rate remained the same.

Government expenditure is divided into current expenditure & capital expenditure:

*** Current Expenditure *** These are day-to-day expenses eg. wages of public/civil servants; running costs of government department (eg. light & heat); social welfare payments (eg. old age ~~payments~~ ^{pensions}) and interest payments on the National debt.

In yesterday's budget, social welfare payments were increased.

*** Capital Expenditure *** This is spending on things that will last a long time, eg. new hospital & new roads.

There are many government departments and each minister puts in a request to the Minister of Finance for the needs + wants of their department, eg. Department of Transport wants more money for new metro system. However not all of the requests can be fulfilled ~~and the~~.

If the minister of finance has a surplus budget they can increase spending (eg. social welfare) or pay off some of the National Debt or reduce taxes. **C**

If the minister of finance has a budget deficit the government will try raise more money by increasing taxation; cutting back on current expenditure or borrowing the amount needed to balance the budget. **D**

Yesterday's budget was a budget surplus. **E**

Student Sample

Feedback for Siobhán	
A.	You have explained how scarcity and choice influence the budget. Perhaps you could give a little more detail here.
B.	Well done. You have clearly explained the different components of the budget.
C.	Well done. You have clearly explained how the budget is planned for.
D.	You have clearly explained how a deficit or surplus can be dealt with.
E.	An excellent understanding of the task. Perhaps you could have used headings to separate the different parts of the essay, e.g. Preparation, Current Income, Current Expenditure, Types of Budget, etc. However, even though you did not include headings, you have shown a good structure, and there is a clear beginning, middle and end to this work. Well done!

Commentary for teachers

- This student has shown a very good knowledge of national budgeting and has therefore produced a high success report
- The student has met all criteria for success and explored them in good detail
- There is good structure to the writing: even though headings have not been used, the piece has a clear beginning, middle and end.

^A The National Budget

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If the Minister of Finance has a budget surplus they can increase spending (e.g. social welfare) or pay off some of the National Debt or reduce taxes.

If the Minister of Finance has a budget deficit the government will try raising more money by increasing taxation; cutting back on current expenditure or borrowing the amount needed to balance the budget.^D
Yesterday's budget was a budget surplus.^E