

KEY QUESTIONS

the big six

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What are important milestones in Australia's annual budget process?

From October to December, new initiatives are advocated for and considered

The fiscal year (FY) runs from July 1 to June 30:

- **Budget proposals and changes are developed between October and November:** New initiatives are also advocated for and considered between October and December.
- **The Expenditure Review Committee determines budget priorities:** The Expenditure Review Committee (ERC) of Cabinet – consisting of the prime minister, treasurer, finance minister, and selected other ministers – meets in November and determines budget priorities. Based on these priorities, the Department of Foreign Affairs and Trade (DFAT) and other departments start to prepare requests for overall funding.
- **DFAT prepares and develops its budget:** From December to February, DFAT (along with other departments) prepares its overall budget proposal and requests for specific budget lines. The calculation includes the expected budget for the upcoming fiscal year. At the end of this process, the foreign affairs minister submits the department's budget request to the Cabinet's ERC.
- **ERC reviews draft budgets and departmental funding:** From March to late April, ERC meets regularly to review the overall draft budget and departmental funding. On the basis of the overall budget allocated to DFAT, the foreign affairs minister makes a final decision on internal budget allocations.
- **Parliament reviews the budget:** The treasurer usually announces the budget on the second Tuesday in May ('budget night') and delivers it to Parliament in a televised address. In 2019, the budget will be delivered on April 2, ahead of the federal election due by end-May. Between May and June, the Australian Parliament debates and formally reviews the budget. Importantly, the development budget is embedded in the foreign affairs budget and is not featured as a major point for negotiation in Australian budget politics. In the Senate, the development budget is reviewed by the Foreign Affairs, Defense and Trade Legislation Committee. This committee can seek information on the proposed development program but has no power to amend the budget.
- **Parliament approves the budget:** After examination and debate, the parliament formally approves the government's budget in June. In practice, the budget, including the development budget component, is usually passed without amendments by the government majority in the House of Representatives. Throughout the FY, DFAT holds a significant amount of discretion on the distribution of not yet allocated funds, such as in cross-regional programs.

