

# Federal Budget 2026-27

## Economic Highlights

### Budget position

Deficit widens to



**\$34.4bn** ▶ **\$25.3bn**

in 2028-29

then narrows to

in 2029-30

Off budget spending rises to



**\$32.5bn**

in 2026-27 then falls to \$15.7bn in 2029-30

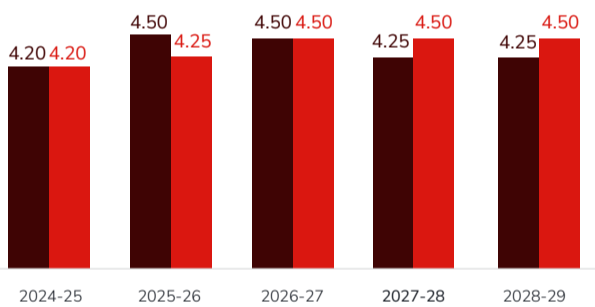
Net debt rises to



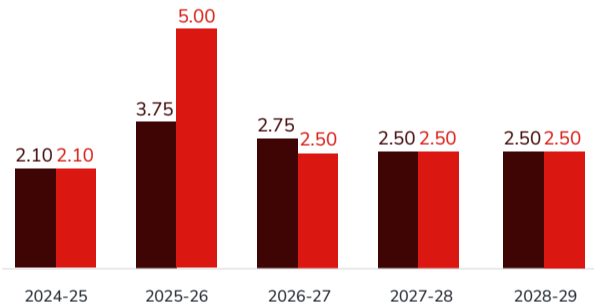
**21.9%**

in 2029-30 from 18.8% in 2025-26

### Government unemployment rate forecasts (%)



### Government inflation rate forecasts (%)



### MYEFO 2025-26\* | Budget 2026-27

\*Mid-Year Economic and Fiscal Outlook (MYEFO). Note: 2024-25 is the latest actual outcome. Forecasts begin in 2025-26.

### Key Initiatives

#### Defence spending

**\$53.0bn**

Over 10 years to strengthen capacity to deter and respond to threats.

#### Hospital funding

**\$18.1bn**

Investment in hospitals to improve effectiveness and efficiency of public system.

#### Tax offset

**\$6.4bn**

Additional \$250 annual tax offset for working Australians from 1 July 2027.

#### Australia's fuel security

**\$10.7bn**

\$7.5bn for fuel and fertiliser security facility, and \$3.2bn to establish fuel security reserve.

#### Pharmaceutical Benefits Scheme

**\$5.9bn**

Pharmaceutical Benefits Scheme new and amended listings.

#### Fuel cost relief

**\$2.9bn**

Temporary reduction of fuel excise and heavy vehicle charge.

For key initiatives, cost is for the five years from 2025-26 to 2029-30 inclusive, unless otherwise stated.