

TRANSPORT AUSTRALIA

Federal Budget Overview

2026-27

BUDGET HIGHLIGHTS

The 2026-27 Federal Budget maintains the over \$120 billion 10-year transport infrastructure investment pipeline.

Headline investment includes \$8.6 billion over 11 years from 2025–26 (and \$75.7 million per year ongoing) for road and rail infrastructure priorities including additional funding for Suburban Rail Loop East in Victoria, the interstate rail network, road and rail projects in the Infrastructure Investment Program, High Speed Rail, a boosted Active Transport Fund and local road funding in South Australia.

Additionally, the \$1.2 billion Safer Local Roads and Infrastructure Program is a significant commitment to improving safety outcomes across the local road network. Transport Australia particularly welcomes the Government's investment, announced at our Transforming Transport Summit, that this funding will include additional investment in national road safety research, drawing on expert advice and the National Road Safety Data Hub to better understand how and why crashes occur, and where future investment can have the greatest impact.

It is also encouraging to see transport infrastructure recognised as an enabler of housing, including through \$2 billion for enabling infrastructure. This reflects a central message of our *Valuing Australia's Transport Network* report: transport must be planned and funded as a driver of productivity, liveability and growth.

However, overall short-term pipeline funding via the Infrastructure Investment Program has decreased, with \$11.9 billion forecast for 2026-29 – a reduction of roughly 10 per cent from previous budget forecast predictions.

The Budget reinforces the need for sustainable, long-term transport funding. Without progress on road user charging reform, sustainable road investment will remain a risk for governments, communities and industry.

STATE OF THE ECONOMY

Economic growth in Australia forecast to slow from 2¼ per cent in 2025–26 to 1¾ per cent in 2026–27.

Inflation is forecast to be 5 per cent through to June 2026 and is forecast to decline to 2½ per cent by June 2027.

Business investment is forecast to decrease from 4 per cent in 2025–26 to 2½ per cent in 2026–27.

Employment remains stable at 1½ per cent and is expected to grow to 1¾ per cent over the forward estimates.

The unemployment rate is forecast to increase from 4.25 per cent in 2026 to 4.5 per cent over the forward estimates.

A net operating deficit is forecast of \$39.0 billion (1.3 per cent of GDP) in 2025–26 and is expected to decrease to a deficit of \$17.9 billion (0.6 per cent of GDP) in 2026–27.

Gross debt is forecast to reach \$1.05 trillion in 2026–27, growing to 1.25 trillion over the forward estimates.

Total revenue is expected to increase to \$815 billion or 26.3 per cent of GDP in 2026–27.

Government expenditure is expected to increase to \$833 billion in 2026–27 and continue to climb to \$933 billion over the forward estimates.

10-year transport infrastructure investment pipeline remains at over \$120 billion.

TRANSPORT INFRASTRUCTURE

Project funding 2026-27

- \$1.8 billion in funding for the ARTC rail network to conduct improvements to rail freight [Nation Wide]
- \$812.5 million for stage 2 upgrades to the Bruce Highway from Gateway Motorway to Dohles Rocks Road [Queensland]
- \$659 million over three years to progress High Speed Rail Project Development [NSW]
- \$552 million to upgrade Anketell Road as part of stage 1A and 1B of Westport [Western Australia]
- \$76.4 million to support the electrification for the Melton Rail Line [Victoria]
- \$50 million for the Western Freeway upgrade (Melton to Caroline Springs) [Victoria]
- \$50 million to undertake priority upgrades of the rail corridor linking Sydney and Canberra [NSW and ACT]
- \$50 million for duplication of Drake Brockman Drive [ACT]
- \$45 million for safety improvements to the M1 motorway [NSW]
- \$24 million for Bagot Road upgrades [Northern Territory]
- \$10 million for upgrades for the M1 exit (exit 45) at Ormeau [Queensland]
- \$7.5 million for AUKUS related transport upgrades - planning and business cases [South Australia]
- \$4 million for the East Derwent Highway between Bowen Bridge and Bridgewater [Tasmania]
- \$4 million for upgrades to the Great Northern Highway between Broome and Kununurra [Western Australia]
- \$1 million to Strengthen Mackinnons Bridge on Princes Highway West [Victoria]

Additional funding 2026-27

- \$3.8 billion investment in Melbourne Suburban Rail Loop [Victoria]
- \$372.5 million for duplication of the Western Highway from Ballarat to Stawell [Victoria]
- \$251.2 million for the Tiaro Bypass on the Bruce Highway [Queensland]
- \$200 million in for Fifteenth Avenue Transit Corridor from Liverpool to Western Sydney Airport [NSW]
- \$166.3 million for duplication of the Cairns Western Arterial Road [Queensland]
- \$152.3 million for the Thornlie-Cockburn Link of METRONET [Western Australia]
- \$100 million for Elizabeth Drive upgrades [NSW]
- \$99.7 million for a new road-rail overpass at the Boundary Road Level Crossing in Coopers Plain [Queensland]
- \$60.8 million for the Byford extension of METRONET [Western Australia]
- \$52.7 million for the Midland Station Project of METRONET [Western Australia]

- \$45 million for the South Eastern Freeway Upgrade [South Australia]
- \$43.6 million for the Yanchep Rail Extension of METRONET [Western Australia]
- \$37 million in additional funding to support the Victoria Government's Road Blitz Maintenance program [Victoria]
- \$16.3 million for the Morley-Ellenbrook Link of METRONET [Western Australia]
- \$13 million for the Walkerston Bypass on the Bowen Basin Service Link (Queensland)
- \$7.2 million for upgrades to Flynn Drive as part of the Neerabup Strategic Link [Western Australia]
- \$6.9 million for the Lloyd Street and Waterloo Road intersection upgrade along the Princes Highway East [Victoria]
- \$5.8 million for Princes Highway and Bank Street intersection upgrade [Victoria]
- \$5.2 million for the Blue Church intersection along Princes Highway West [Victoria]
- \$4.6 million for the Molonglo Parkway Connector [ACT]
- \$2.7 million for additional intersection upgrades on the Princes Highway between Pakenham and Beaconsfield [Victoria]
- \$2.5 million for intersection upgrades at Schwarz Crescent on the Stuart Highway [Northern Territory]
- \$2.4 million for upgrades to heavy vehicle rest stops [Tasmania]
- \$2 million for upgrades to the Bruce Highway at Caboolture-Bribie Island Road to Steve Irwin Way [Queensland]
- \$2 million for intersection upgrades at the Glass House Mountains Road and Caloundra Street [Queensland]
- \$1.6 million for the Fitsimmons Lane and Main Road Corridor [Victoria]
- \$1.3 million for upgrades to Flynn Drive at Neerabup [Western Australia]
- \$500 thousand each for bridge upgrades of the Moyne and Merri Rivers along Princes Highway West [Victoria]

PROGRAMS AND INITIATIVES

- \$2 billion over 4 years for enabling infrastructure to deliver 65,000 new homes, with \$500 million set aside for regional Australia.
- \$500 million over ten years to boost the Active Transport Fund for the upgrade and construction of new bicycle and walking paths, with up to \$90 million spent in 2026-27, then \$75 million, \$28.8 million, \$50 million over the subsequent 3 financial years.
- \$1.7 billion in funding over six years to address unavoidable cost pressure for 28 existing Infrastructure Investment Program projects.
- \$55 million in 2026-27 to deliver the Transport Resilience and Capacity Kickstart pilot program to incentivise rail and maritime freight.
- \$40 million in 2026-27 to accelerate the electrification of Australia Posts fleet.
- \$16.6 million over four years to support the work of the Australian Transport Safety Bureau.
- \$1.9 million in 2026-27 to improve the National Freight Data Hub.
- Acceleration of Heavy Vehicle reforms to improve productivity and uptake of zero emission heavy vehicles
- \$1.2 billion for the Safer Local Roads and Infrastructure Program over the forward estimates to address current and emerging priorities in road infrastructure needs with a focus on improving road safety outcomes.
- \$4.9 billion for the Roads to Recovery program over the forward estimates.
- \$157.4 million for the Black Spot Program for safety works year on year over the forward estimates.
- \$66.9 million for the Northern Australia Roads program in 2026-27 and increasing to \$88 million by 2028-29. The funding is for Queensland, Western Australia and the Northern Territory for infrastructure projects that are essential to the movement of people and freight.
- \$231 million for the Major Projects Business Case Fund to support the development of business cases for road and rail infrastructure projects up until 2029-30.
- \$15.6 billion for the rail investment component of the Infrastructure Investment Program over the forward estimates, targeting efficiency and safety improvements of Australia's rail network.
- \$38.7 billion for the road investment component of the Infrastructure Investment Program over the forward estimates, targeting road construction projects and network maintenance.

FUEL SECURITY

- \$2 billion in 2026-27 to implement a temporary fuel and other materials slippage adjustment program to respond to changes in fuel and materials.
- \$7.5 billion Fuel and Fertiliser Security Facility to secure more fuel from international partners
- \$3.2 billion Australian Fuel Security Reserve to build long-term fuel resilience
- \$1 billion in interest-free loans to help manufacturing and logistics businesses
- Reserving 20 per cent of gas exports for Australians
- \$2.9 billion to more than halve the fuel excise and reduce the heavy vehicle road user charge to zero for three months.

TAX AND REGULATION

- \$10.2 billion a year reduction in regulatory burden.
- Reforms to accelerate project approval timelines.
- \$20,000 instant asset write off scheme for small business made permanent.

SKILLS AND TRAINING

- Reforming occupational licensing to make it easier for engineers to work across states.
- Reforming the Australia Apprenticeship Incentive System to redirect employer incentives to small and medium employers or Group Training Organisations.

TRANSPORT AUSTRALIA



admin@transportaustralia.org.au



[transport-australia](https://www.instagram.com/transport-australia)



[TransportAustralia](https://www.linkedin.com/company/TransportAustralia)



transportaustralia.org.au