

Purpose of Budget Paper No. 4

Budget Paper No. 4 presents information on the full allocation of resources across the General Government Sector.¹ In 2026–27, agencies will be responsible for managing approximately \$833.3 billion to deliver services for individuals, families and businesses.

Budget Paper No. 4 sets out the departmental funding for agencies, administered funding managed by agencies, the nature of funding sources and the purposes of funding as defined by Outcome Statements for each agency.

Additionally, information is provided on the staffing resources allocated to agencies delivering services to the Australian community.

1 The General Government Sector provides public services that are mainly non-market in nature and for the collective consumption of the community or involve the transfer or distribution of income. These services are largely financed through taxes and other compulsory levies, user charging and external funding (Budget 2026–27, Budget Paper No. 1, *Statement 10, Appendix A*).

Preface

The Australian Government delivers for all Australians through a strong and effective public service. Following the Government's investments to rebuild the public service in its first term, the public service is well placed to support the Government to navigate global uncertainty, build national resilience and make the economy more productive and competitive, while delivering the services on which Australians rely.

Over the past year, the Australian community has faced floods, bushfires, cyclones, heightened security threats marked by the worst terrorist attack on Australian soil and a global conflict that led to a fuel crisis and increased economic uncertainty. The public service has played a key role in supporting the Australian community in response to these events.

In this context, keeping Australians safe at home and abroad remains a priority for the Government. The 2026–27 Budget invests in the public service to continue strengthening Australia's national security and ensure it has the resources and capacity to build defence capability, secure our borders, respond to disasters, assist Australians overseas and at home and support social cohesion. This work strengthens our national resilience and preparedness, with the public service well placed to support the Government to respond to emerging challenges.

Australians rely on the public service for essential services that support everyday life, including obtaining financial assistance, Medicare cards, passports and tax file numbers. Australians depend on government-funded services across health, aged care, veterans' support and early childhood education and care. Businesses rely on government systems for registration, to pay tax and superannuation and for effective regulatory schemes.

The 2026–27 Budget builds on the Government's investments in its first term to ensure the public service has the capacity and capability to deliver frontline and essential services, while enhancing integrity in government-funded services and the tax system. These investments will improve service delivery for Australians and ensure that the services on which Australians rely are delivered as intended and provide value for taxpayers' money.

The Government has resized the public service to reflect increased demand for services, demographic and technological change and the changing geopolitical environment. Workforce levels are now aligned to these requirements. Staffing remains broadly steady from 2025–26 to 2026–27, reflecting the Government's strong focus on reprioritising existing resources across government, with targeted increases from investment in frontline services, cracking down on fraud, boosting national security and resilience and reducing reliance on external labour. Overall, the size of public service remains below historical levels when measured against the Australian population and total employment.

The 2026–27 Budget builds on the Government's work over successive budgets to enhance the capacity and capability of the public service, ensuring it can support the Government to build national resilience, make the economy more competitive and productive and deliver for Australians.

A modern, efficient and productive public service

In its first term, the Government invested in rebuilding public service capability to improve service delivery, bolster national security and ensure the public service is better able to respond to new and emerging challenges. This included delivering election commitments to abolish the Average Staffing Level (ASL) cap and bring core work back in house, ensuring work that is critical to the public interest is undertaken within the public service. The Government is also supporting the public service to adopt artificial intelligence (AI) to deliver better, faster services for all Australians.

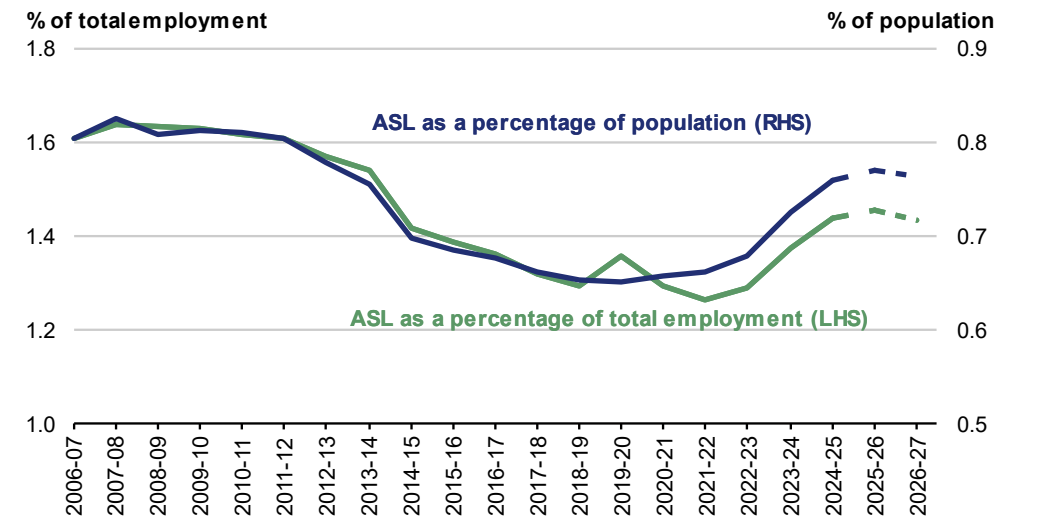
Abolishing the artificial staffing cap enabled agencies to plan and manage their workforces based on capacity needs rather than an arbitrary limit. It supported a deliberate shift away from outsourcing by converting core work previously performed by consultants, contractors and labour hire into public service roles. This shift has rebuilt in-house expertise in areas such as policy and program design, evaluation, and digital and data, while providing greater accountability and value for taxpayers' money.

The Government's investment in public service capability has helped deliver on its commitment to reduce reliance on external labour. Over its first term, the Government rebalanced the workforce by creating more than 11,800 new public service roles to replace previously outsourced work. The 2026–27 Budget builds on this progress with nearly 1,400 additional roles in 2026–27 to be performed by public servants instead of outsourced to third party providers, including an additional 1,250 frontline service delivery roles at Services Australia, on top of the external labour conversions undertaken in the Government's first term. The 13,200 new public service roles created as a result of external labour conversions represent around one-third of the total increase in public service staffing levels since 2022.

The overall size of the public service is now aligned with its functions and responsibilities. In the 2026–27 Budget, ASL in 2026–27 is forecast to remain broadly steady across the public sector as a whole compared to 2025–26. Increases are aligned with Government priorities such as building defence capability, reducing fraud and strengthening integrity, and establishing the National Environmental Protection Agency (NEPA). ASL has also increased in line with increased demand for cost-recovered services in agencies such as the Department of Agriculture, Fisheries and Forestry (DAFF).

The relative size of the public service remains below historical levels of public resourcing, with total ASL as a proportion of the Australian population and total employment below 2006–07 levels (Chart 1).

Chart 1: ASL as a percentage of Australian population and total employment since 2006–07



Source: Department of Finance, based on data from the Australian Bureau of Statistics, and ASL figures sourced from historical and current Budget Paper No. 4.

Building on the Government’s 2022 and 2025 election commitments, the public service will continue to reduce spending on external consultants, contractors and labour hire. The 2026–27 Budget delivers a further \$2.7 billion in savings in 2029–30 by reducing spending on external labour and non-wage expenses such as travel, hospitality and property. This builds on earlier measures, bringing total savings across the public service from reducing spending on external labour and non-wage expenses to \$14.8 billion since 2022–23.

The establishment of Australian Government Consulting (AGC) in the Department of the Prime Minister and Cabinet (Box 1) has been one investment in reducing public service reliance on external consultants and rebuilding public service capability. Following the Government’s decision in the 2025–26 Mid-Year Economic and Fiscal Outlook (MYEFO) to expand AGC and make it permanent, AGC now operates as an enduring capability across the public service, supporting agencies to deliver complex work within the public service and strengthen in-house expertise.

Box 1: Reducing reliance on external labour through investing in in-house consulting

Australian Government Consulting (AGC) is an in-house consultancy for the Australian Public Service (APS). AGC helps APS agencies to solve strategy, policy and organisational challenges, contributing to an effective public service. As a whole-of-APS capability, AGC is efficiently building capability and reducing the public service’s reliance and spending on external labour. Bringing this expertise into the APS has reduced the need for agencies to outsource, displacing an estimated \$10 million in external consultancy spend since AGC was launched in 2023.

Since establishment, AGC has already delivered more than 40 projects for 16 agencies. AGC has a client satisfaction score of almost 90 per cent, with 80 per cent of clients rating AGC ‘better’ or ‘much better’ than private sector external consultants. Projects have included:

- engaging industry and the community to help ensure Australians can harness the full benefits of rooftop solar, household batteries and electric vehicles
- improving the trade and investment environment for Australian business with one of Australia’s key bilateral partners through the design of an Accelerator Fund
- developing an evidence bank on the social determinants of health to inform a strategic approach to identifying health priorities.

In addition to delivering projects that would otherwise be outsourced, AGC has assisted the APS to get better value from external consultants. This includes developing the Consultancy Playbook, a guide for the APS on engaging consultants, as well as analysis and advice on strategic commissioning.

The Government is backing AGC to grow and become an enduring APS capability. AGC will scale up to 150 staff over the next four years. At full scale AGC will be able to deliver up to 160 projects a year.

To provide greater accountability for agency spending on external labour, the Government will introduce a new obligation on agencies covered by the Commonwealth Procurement Rules requiring agency heads to apply greater scrutiny over contract variations. Agencies will also be required to provide additional information on all new and varied consultancy service procurements valued at \$2 million or more. The Government will also reduce unnecessary non-wage spending by banning agencies from purchasing promotional merchandise and airline lounge membership for Australian Public Service (APS) officials.

The Government’s *Strategic Commissioning Framework* continues to support agencies to reduce outsourcing and bring core work back in house. In 2024–25, APS agencies brought more than \$542.3 million worth of core work back in house. In 2025–26, agencies have set targets to bring a further \$438.9 million of core work back in house. Fifty-nine per cent of

agencies did not set a target because they reported outsourcing little or no core work and operate in line with the framework’s limited circumstances, compared to 27 per cent in 2024–25.

In the 2025–26 MYEFO, the Government provided funding to deliver the *AI Plan for the Australian Public Service* (APS AI Plan), building the capability and adoption of AI across the service to deliver better services and policy outcomes. This will provide every public servant with access to secure, fit-for-purpose AI tools, uplift capability, including through mandatory training, and maintain trust through transparency and strong governance.

The Department of Finance is implementing the APS AI Plan through a central AI Delivery and Enablement function to support agencies in safe and responsible AI adoption and accelerate uptake across the APS. GovAI is one of the ways the APS AI Plan is operationalised, providing shared tools, secure infrastructure, training and practical AI solutions that support agencies to safely learn, trial and apply AI. For example, GovAI Chat provides APS staff with access to modern AI tools within a government-managed environment. By giving staff hands-on experience using trusted AI capabilities, GovAI Chat builds practical capability across the APS while embedding safety, accountability and compliance by design.

The Government is also positioning the public service as a best-practice user of AI, using it to deliver better services and make regulation simpler for businesses. For example:

- the Department of Climate Change, Energy, the Environment and Water (DCCEEW) and the NEPA will deliver an AI-enabled pilot to improve access to information on environmental regulation, enhancing the user experience for industry and the community and supporting more efficient approval processes
- the Department of Veterans’ Affairs (DVA) is trialling a voluntary, consent-based AI tool to extract key information from large claims documents, reducing manual review time and improving accuracy
- IP Australia is using AI-enabled digital tools to improve access to the trademark system for small and medium businesses, including TM Checker to support trademark availability checks and IP First Response, an AI-enabled website and chat assistant to help businesses navigate potential IP infringement
- the Australian Taxation Office uses AI models in myTax to provide real time prompts to help taxpayers identify and correct potential errors before lodgement
- the National Library of Australia is using AI to preserve Australian history and culture through transcription of 58,000 hours of interviews in its oral history collection

The Department of Finance is also exploring how AI can be used in regulatory reform to improve efficiency, reduce friction for citizens and businesses, improve understanding and navigation of regulatory systems, increase transparency and support more timely, consistent and citizen-centric delivery. For example, the Therapeutic Goods Administration

is using AI to evaluate the suitability of medicines already approved by another comparable overseas regulator.

A public service that serves and supports Australians

The public service is a reflection of the diversity of Australian society – living and working in metropolitan, regional, rural and remote areas across our country. As at 31 December 2025, around 65 per cent of public servants worked outside Canberra, with 12 per cent based in regional Australia.

The Government's investments in the public service have, and will continue to, improve service delivery for the growing number of Australians accessing health, veterans and aged care services, with reduced wait times at Services Australia, faster claims processing for veterans and higher quality aged care services. Through the Government's investments in frontline staff, the public service is now better placed to help Australians access financial support and connect with the services they need.

Since the 2025–26 Budget, the Government has continued to invest in essential frontline staff across the country to deliver services the public expect, while strengthening the capacity of the public service to ensure safe and high-quality services from government-funded service providers. This includes:

- additional funding to improve the way Services Australia delivers services to the Australian community, including for frontline staff to help manage claims, maintain service standards and continue emergency response capability, to enhance safety and security at Services Australia service centres, and to improve the functionality, availability and security of the myGov platform (Box 2)
- delivering National Cabinet's commitment to reduce National Disability Insurance Scheme (NDIS) growth and restore the NDIS to its original intent of supporting people with permanent and significant disability through funding to ensure the National Disability Insurance Agency (NDIA) can continue to support NDIS participants, reduce fraud and non-compliant payments and implement reforms to ensure the NDIS is sustainable for future generations. This complements earlier investments to strengthen baseline resourcing for the NDIA, improve compliance and enhance the quality and safety of NDIS supports
- providing better care for older Australians by strengthening regulatory, governance and quality arrangements, including an increase in the Aged Care Quality and Safety Commission's workforce to deliver its regulatory functions under the *Aged Care Act 2024*, and improving access to home care through funding for the Department of Health, Disability and Ageing to implement Support at Home program refinements and bring forward the release of program places. This builds on previous investments to improve the viability and quality of the aged care sector and establish the Support at Home program

- improving the employment services system through funding for the Department of Employment and Workplace Relations to support future reform and improve participant experience, including additional resourcing for the National Customer Service Line to support jobseekers and employers
- funding in the 2025–26 MYEFO to sustain sufficient DVA staffing and core services for veterans and their families, such as claims processing and downstream service delivery, and modernise digital capability. This builds on substantial investments in DVA resourcing since the 2022–23 October Budget, which helped clear the former Government’s backlog of around 42,000 claims.

Box 2: Services Australia – Delivering improved government services

Services Australia staff are at the heart of government services. They are often the first point of contact for Australians, at the best or most challenging moments of their lives, such as registering a new baby for Medicare, applying for study assistance, becoming a carer, getting help during a disaster or getting a concession card.

Services Australia delivers around \$260 billion in payments per year. It supports 27.5 million Medicare customers, 8.9 million Centrelink customers (including parents, students, carers and veterans) and 1.1 million children in the Child Support Scheme. It also engages with a wide range of health professionals, doctors and pharmacies, businesses, aged care providers and other non-government organisations to provide information, make payments and deliver services.

More than 6,000 Services Australia staff are on the ground delivering these essential services. With 318 service centres, four mobile service centres and several remote servicing teams, Services Australia supports communities in all corners of our country, from Nhulunbuy in the Northern Territory, to the centre of Sydney in New South Wales to Bunbury in Western Australia. Over ten million customers visit a service centre each year to get help, apply for payments, see a social worker or set up their myGov account.

Services Australia has a strong specialist workforce of social workers, Indigenous and Multicultural Service Officers, Aged Care Specialist Officers and Financial Information Service Officers. These specialists help people get the support and advice they need, when and where they need it.

The Government is continuing to invest in staff, systems and safety to deliver the simple, helpful, respectful and transparent services Australians expect and deserve, regardless of how they choose to engage with government – online, by phone or in person. Since 2022, the Government has increased staffing at Services Australia by around 4,000 ASL.

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**Box 2: Services Australia – Delivering improved government services
(continued)**

This Budget includes a \$1.7 billion investment in better service delivery for the Australian community. This includes funding to continue around 3,000 frontline Services Australia staff. The Government has invested a total of \$6 billion in Services Australia frontline staff, customer service delivery, and critical systems including myGov since the 2022–23 October Budget. Services Australia has significantly improved claims processing and call wait times, meaning people are getting payments and services faster. Comparing the January quarter 2024 to the equivalent 2026 quarter:

- aged care customer claims take on average 14 days to process, instead of 51
- Disability Support Pension claims take on average 42 days to process instead of 109 days
- Paid Parental Leave claims take on average six days to process instead of 31 days
- agency wide the average speed to answer calls is now under 17 minutes, compared to 19 minutes, and congestion messaging is down 85 per cent.

When natural disasters strike, Services Australia staff are amongst the first people at emergency recovery centres, connecting people with services and payments. In 2024–25 Services Australia made \$774.8 million in Commonwealth Government emergency payments to 735,000 people, including children in communities affected by natural disasters. This Budget includes resourcing for 850 Services Australia staff to continue to provide these emergency response supports to people in the aftermath of natural disasters.

Australians are increasingly choosing to engage with government through online channels, at a time and place that suits them. In the 2026–27 Budget, the Government is investing \$26.5 million to make it easier and safer for customers to access government services digitally using myGov. This funding will support increased use of trusted notifications in the myGov app, make it easier for people to securely create and recover myGov accounts and make more government services available in myGov.

Services Australia has also reduced its reliance on a contracted workforce, including through a further 1,250 contractor conversions. Services Australia’s contractor spend is now only 12 per cent of the agency’s 2025–26 budget, compared to 20 per cent in 2021–22. As a result, Services Australia has been able to build public service capability to ensure that Australians can continue to access high quality government services when and where they need them.

Preventing fraud and ensuring integrity in government services is critical to maintaining public trust and confidence in government and ensuring programs are delivered as intended. As a responsible economic manager, the Government has continued to invest in the public service to crack down on fraud to ensure every dollar of government spending goes to those who need it, helping to improve the quality of government spending and enabling the Government to redirect unnecessary spending to other priorities and improve the budget bottom line.

The 2026–27 Budget builds on previous investments to strengthen the capability of the public service to detect and tackle fraud and ensure integrity in both the delivery of large government-funded programs and the tax system (Box 3). Together, these measures can help give Australians confidence that government services are secure, equitable and deliver value for money, ensuring taxpayers' money is not being wasted.

The Government also recognises the critical importance of digital technologies to improve the accessibility and quality of services. Since 2022–23, the Government has invested in digital services and systems to keep pace with rapidly developing technologies and public expectations for services to be available digitally. For the first time, Australia is now ranked second globally in the OECD's 2025 Digital Government Index, with the OECD highlighting the strength of Australia's digital service delivery, national coordination and focus on designing services around Australians' needs.

Since the 2025–26 Budget, the Government has invested in digital solutions to improve service delivery and decision-making, in line with the Data and Digital Government Strategy, making services easier to access, faster to use and simpler to understand, while helping to address fraud and non-compliance. Key measures include:

- funding for the Department of Health, Disability and Ageing and the Australian Digital Health Agency to support the continued operations and enhancement of My Health Record. The Government's investment will deliver targeted system improvements that will underpin implementation of further legislative reforms to expand sharing by default requirements, providing the 24.6 million Australians with a My Health Record simpler and more coordinated health service experiences
- ongoing funding to maintain the security and reliability of the Australian Government's Digital ID System. Australians are now able to use myID to access 255 government services, with increased adoption of Digital ID supporting agencies to reduce fraud.

Box 3: Investing in program integrity and fraud prevention

The Government is focused on ensuring every dollar of public money is directed to the people who need it most. Strengthened public service capability, data and controls are being used to reduce waste, prevent fraud and non-compliance and safeguard the integrity of government-funded services and the tax system. The 2026–27 Budget strengthens payment and tax system integrity, value for money from essential services and fraud prevention across government by:

- extending the cross-agency Fraud Fusion Taskforce, with participation from 24 agencies across government, as an ongoing function to continue to address fraud and serious non-compliance in the National Disability Insurance Scheme (NDIS). To date, the taskforce has resulted in 28 successful prosecutions and over 200 NDIS providers and individuals being banned, suspended or deregistered
- reducing fraud and improving payment and claims integrity in the NDIS, including extending the payment integrity workforce and improving ICT capability of the claim and payment service systems to detect, respond to and reduce fraud and provide greater scrutiny of payments from participants and providers with a history of non-compliant payments
- establishing an ongoing Medicare integrity function to strengthen compliance capabilities and protect the integrity of the Medicare Benefits Schedule and the Pharmaceutical Benefits Scheme, which includes introducing near real time payment compliance checks and controls in Medicare payment systems and processes, including targeted systems changes to prevent fraudulent claims and strengthened provider authentication processes
- extending the Commonwealth Fraud Prevention Centre within the Attorney-General's Department and making it ongoing
- funding to the Australian Taxation Office (ATO) to deliver Phase 2 of the Counter Fraud Strategy to modernise the prevention and detection of fraud in the tax and super systems, with the ATO to also undertake additional targeted compliance activities over the two years from 2026–27 to further address fraud in the system, including in relation to the Research and Development Tax Incentive.

These initiatives build on previous measures, including:

- strengthening integrity capability across veterans' benefits and services, delivering savings of up to \$700 million through improving prevention, detection and response to service provider and advocate non-compliance and fraud
- funding the Department of Education and Australian Children's Education and Care Quality Authority to strengthen safety and quality in early childhood education and care settings, including through a National Educator Register
- resourcing for the ATO to target multinational tax compliance and strengthen tax integrity, including targeting tax avoidance, phoenixing activity, fraud in the tax system and tackling the shadow economy.

A public service that helps keep Australians safe at home and abroad

Australia faces an uncertain strategic and security environment. Geopolitical tensions, transnational crime, and cyber threats pose risks to Australia’s security and economic interests. Keeping Australians safe at home and abroad is a priority for the Government, which is reflected through investments in the 2026–27 Budget and previous Budgets that have helped protect Australians by strengthening defence and national security capabilities and building disaster and public health resilience and preparedness.

Since the 2022–23 October Budget, over 8,250 additional roles have been created to help build and maintain our national security and prosperity across defence, intelligence, border protection, justice and foreign affairs. This includes the Department of Defence, Department of Foreign Affairs and Trade (DFAT), Department of Home Affairs (Home Affairs) and the Australian Border Force, Australian Federal Police (AFP), Australian Criminal Intelligence Commission, Office of National Intelligence, Australian Transaction Reports and Analysis Centre (AUSTRAC) and the Australian Submarine Agency (ASA).

The 2026–27 Budget makes substantial investments in Australia’s defence capabilities and public service to build Australia’s sovereign defence industrial base and improve national civil preparedness and national resilience. Investments in defence capability include:

- providing \$53 billion over ten years from 2026–27, including \$14 billion over the next four years, through Defence funding, net proceeds from estate divestment and alternative financing where feasible and there is value for money, to support delivery of the 2026 National Defence Strategy and 2026 Integrated Investment Program to enhance defence capability, preparedness and resilience, supported by the introduction of the Defence Delivery Agency (Box 4)
- continued support to the Nuclear-Powered Submarine Program, including funding for over 200 ongoing staff for the ASA to manage the delivery of Australia’s Nuclear-Powered Submarine Program, and various agencies to support legal, safety and regulatory activities.

The 2026–27 Budget also further strengthens emergency preparedness and crisis response capability across the public service, and ensures the public service has the resources it needs to secure our borders, maintain community safety and build social cohesion, building on investments from previous Budgets. Investments to support keeping Australians safe include:

- funding a range of measures in response to the Bondi terrorist attack on 14 December 2025, including for Home Affairs to implement legislative reforms and policy initiatives to combat hate, extremism, violence and terrorism, strengthen our social cohesion and progress firearm reforms

- funding and additional staffing for the AFP to continue to protect the Australian community from the threats posed by convicted high-risk terrorist offenders, sustain operations to counter transnational serious and organised crime and sustain protective security functions. This builds on previous investments in the AFP to deliver protective security capabilities for the Nuclear-Powered Submarine Program and expand capability to conduct national security investigations
- resourcing for DFAT to sustain Australia’s consular and overseas crisis management and response capability to support Australians in distress overseas. This builds on previous investments to maintain support for an effective foreign service, improving DFAT’s capability to deliver foreign policy outcomes
- extending resourcing for AUSTRAC to continue to implement reforms to strengthen the *Anti Money Laundering and Counter-Terrorism Financing Act 2006* to enhance Australia’s ability to detect and disrupt illicit financing
- additional staffing for DAFF to effectively deliver cost-recovered biosecurity functions at Australia’s borders, building on investments in previous Budgets to strengthen and sustainably fund biosecurity to protect Australia’s agriculture, wildlife and farming sector, with more biosecurity officers at airports and seaports across the country.

Box 4: Reforming Defence capability development and delivery through the Defence Delivery Agency

The Government is taking significant steps towards ensuring the Department of Defence (Defence) has the capabilities it needs to meet Australia’s strategic circumstances, including through the establishment of a dedicated agency designed to strengthen and streamline capability acquisition and sustainment.

The establishment of the Defence Delivery Agency will integrate three existing Defence capability delivery groups: Capability Acquisition and Sustainment Group, Guided Weapons and Explosive Ordnance Group, and Naval Shipbuilding and Sustainment Group. These foundational reforms will drive better budget management, cost estimation and project assurance to strengthen capability delivery. The focus is on improving accountability and clarifying organisational structures to streamline decision-making and prioritisation in the delivery of the integrated, focused force.

The Defence Delivery Agency will be established on 1 July 2027 and led by the National Armaments Director, who will report directly to Ministers. The National Armaments Director will play a crucial role in providing advice to the Government on acquisition strategies and delivery of acquisition projects and sustainment products.

A public service that supports economic resilience and building a modern, productive economy

The Government is committed to building national resilience and making the economy more competitive and productive to lift living standards. The public service supports these objectives through developing and implementing policies and programs that boost productivity, diversify industries and supply chains, develop a skilled and adaptable workforce, and protect consumers. These efforts help create secure jobs, ensure fair and competitive markets, transform our energy system to deliver cheaper and more reliable power and protect and sustainably manage our environment and natural resources.

The conflict in the Middle East and ongoing supply chain disruptions have sharpened the focus on energy affordability, fuel security and supply chain resilience. The 2026–27 Budget strengthens the public service’s capacity to help Australia manage economic shocks, respond to emerging risks and sustain long term prosperity. Commonwealth entities are supporting the Government to respond to supply disruptions, build national resilience and deliver support to Australian households, businesses and industry under the National Fuel Security Plan, enabled by investments in the 2026–27 Budget including:

- establishing a Fuel and Fertiliser Security Facility on Export Finance Australia’s National Interest Account and delivering the National Reconstruction Fund Corporation’s Economic Resilience Program to support freight, fuel, fertiliser and other critical supply chains affected by global market disruptions
- establishing an Australian Fuel Security Reserve to increase long-term fuel supply and storage in combination with an increase to the Minimum Stockholding Obligation (MSO), to increase Australia’s fuel reserves to 50 days
- ongoing funding for DCCEEW to support ongoing management of Australia’s fuel security framework, including oversight of the MSO, and for the Department of Industry, Science and Resources to support the Government’s ability to monitor critical supply chains
- expanding the electricity market monitoring and reporting activities of the Australian Energy Regulator (AER).

Guided by the outcomes of the Economic Reform Roundtable and the Government’s productivity and regulatory reform agenda, the public service continues to support the development of a more dynamic and resilient economy. The Government’s next stage of the regulatory reform agenda is being guided by smarter stewardship to support regulators to modernise regulations so they are fit-for-purpose. The Department of Finance is working with regulators, including through the Regulator Leadership Cohort, to embed productivity in practice and performance. This includes supporting regulators to explore how data and digital technologies, such as AI, can improve service delivery, improve productivity and reduce regulatory burden for people and business. This will promote business dynamism, reduce compliance burden and provide greater clarity, certainty and simplicity for Australians and businesses.

The 2026–27 Budget makes investments in the public service to ensure households benefit from the clean energy transition, make the economy more competitive and productive, while ensuring fair competition and protecting consumers and build economic resilience. These include:

- funding to maximise consumer and community benefits of the energy transition, including to establish a National Technical Regulator to develop, coordinate and streamline regulation of consumer energy resources to help consumers save on bills and benefit from the energy transition, and to uplift the AER to deliver energy consumers the best deal. This builds on investments across the Government’s first term, which focused on accelerating the energy transition, supporting clean energy industries and ensuring supply of reliable, secure and affordable energy
- providing support for Australian science and research and development capabilities, including funding to support the financial sustainability of the Commonwealth Scientific and Industrial Research Organisation, for the National Measurement Institute to sustain essential measurement capability vital to Australia’s economic resilience and security, and for the Australian Space Agency to deliver its core functions
- funding the Australian Competition and Consumer Commission to increase enforcement of companies engaging in anti-competitive and anti-consumer conduct, to extend the Consumer Data Right (together with Treasury and the ATO) to continue supporting Australian consumers and businesses and to continue monitoring competitiveness in the domestic airline sector
- funding to complete the second tranche of stabilisation and uplift of Australia’s business registers, building on the investment in the 2025–26 Budget.

The Government’s landmark environmental protection reforms were enacted in December 2025. The 2026–27 Budget includes funding to implement these reforms, which will deliver stronger environmental outcomes and accelerate and streamline approvals to boost productivity (Box 5).

Box 5: Establishing the new National Environmental Protection Agency

The Government’s investment in streamlining project approvals is speeding up decision-making and bringing projects in key areas of national priority like housing, renewables and critical minerals online faster.

Since the October 2022–23 Budget, the Government has invested more than \$600 million to address gaps in resourcing, reduce reliance on contractors and bring core functions in house to expedite approval processes. As a result, the Department of Climate Change, Energy, the Environment and Water has increased the number of on-time decisions under the *Environment Protection and Biodiversity Conservation Act 1999* from 78 per cent in 2022–23 to 95 per cent in 2025–26.

This Budget, the Government is providing more than \$500 million over four years from 2026–27 to implement the environmental law reforms enacted in December 2025 and to support a growing pipeline of approval applications and to better protect Australia’s environment. This includes funding to:

- establish the National Environmental Protection Agency (NEPA) as an independent, expert regulator from 1 July 2026. The NEPA will consolidate regulatory functions and be responsible for making environmental assessment and approval decisions (under the Minister for the Environment and Water’s delegation), enforcing the new environmental laws, strengthening environmental protection through environment audits and assurance and continuing to streamline internal processes and build regulatory capability to process faster project approvals
- make targeted investments to grow the Nature Repair Market to deliver robust, accessible and timely environmental offsets and establish the Restorations Contributions Holder to deliver environmental offsets on behalf of proponents
- support forestry operations under Regional Forest Agreements to meet the new regulatory requirements
- develop streamlined environmental assessment pathways with the states and territories, such as bilateral agreements, bioregional plans and strategic assessments, setting clear requirements upfront to support industry and reducing duplication with state and territory processes
- further accelerate approval timeframes by modernising environmental information, data and digital systems (including through AI) to improve user experience and provide greater transparency in decision-making for community, businesses and investors.

Together, these investments deliver faster environmental approvals, supporting Australia’s long-term growth and productivity, while achieving better outcomes for the environment.

Resilience and reform

The public service plays a critical role supporting the Government to deliver for the Australian people. In its first term, the Government rebuilt public service capacity and capability by bringing core work back in house, reducing its reliance on external labour, strengthening integrity and rebuilding public trust.

The Government's work over its first term has established a strong foundation of a resilient, professional and delivery-focused public service. The public service now operates as a dynamic service that can adapt to change and respond quickly to emerging challenges.

The 2026–27 Budget maintains the size of the public service as a whole and ensures the public service has the resources it needs to deliver essential services, keep Australians safe at home and abroad and support the Government to build national resilience and deliver reforms to make the economy more productive and competitive.



Senator the Hon Katy Gallagher
Minister for Finance
Minister for Women
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