

2026-27 Federal Budget

Economics, Numbers & Political Signals

Scott McGrath

Director, Stakeholders, Engagement and Policy

Samuel Garcia

Manager, Economics and Insights



AUSTRALIAN
**FOOD &
GROCERY**
COUNCIL

Competition caution

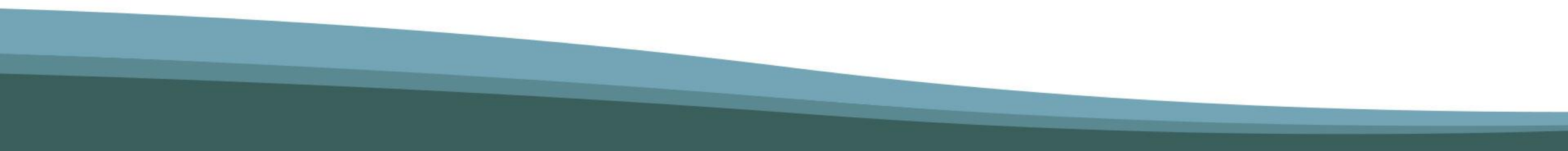
The ACCC requires that participants at this meeting must not enter into any discussion, arrangement or understanding that may, in any way, infringe applicable competition laws.

In particular, members and participants must not:

- discuss or agree on production limits or strategies, prices (including rebates and discounts), marketing territories, bids or tenders;
- discuss or agree on dealings with customers or third parties, including trading terms and conditions;
- exchange any non-public or commercially sensitive information relating to -
 - purchasing, production and supply chain strategy or capacity,
 - marketing or advertising strategy, or
 - profit, costs or revenues.

Such topics must be avoided both in the formal meetings and in any informal discussions before, during or after meetings. Please keep discussions within the scope of the set agenda items as off-topic discussions may represent a compliance risk.

Participants are encouraged at any time to challenge any discussions that might contravene this statement.



Acknowledgement of country

The Australian Food and Grocery Council acknowledges the Traditional Owners of Country throughout Australia. We pay our respects to Elders past, present and emerging.

Housekeeping

- You have been placed on mute automatically. Please ask any questions using the Q&A function.

So what's in the Budget?

2026-27 Budget

Dominated by three forces:

- **Inflationary shock** due to conflict in the Middle East and response to build resilience
- **Tax reform** package to rebalance budget and address intergenerational fairness
- **Productivity** gains through reduction of regulatory burden and support for investment and R&D

For industry there are real wins on short-term resilience. But heavy lifting for industry growth was delegated to broader programs.



Headline budget parameters

Aggregate	Actual 2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Real GDP (% change)	1.3	2¼	1¾	2¼	2½	2½
CPI (through-year to June)	2.1	5	2½	2½	2½	2½
WPI (through-year to June)	3.4	3¼	3½	3½	3½	3¾
Unemployment (June qtr, %)	4.2	4¼	4½	4½	4½	4¼
Nominal GDP (% change)	3.6	6¾	4¼	2¾	4¾	5¼
Underlying cash balance (\$bn)	-10	-28.3	-31.5	-31.0	-34.4	-25.3
Gross debt (\$bn)	928.6	982.0	1,051.0	1,120.0	1,193.0	1,249.0
Gross debt (% GDP)	33.4	33.1	34.0	35.2	35.8	35.6

Source: 2026-27 Budget Paper 1, Tables 1.1, 1.2 and 3.1 Australian Government

Budget Cautious Stance

\$31.5B

Deficit in 2026-27

35.8% of GDP

Gross debt peaking in 2028-29

\$150B

Cumulative Deficit over the
4 years to 2028-29

- Fiscal consolidation and buffer building
- Underlying cash balance stays in deficit at 1% of GDP annually through 2029-30 despite improved revenue forecasts
- Revenue improvements of \$8.7B over four years mostly banked, reinforcing anti-inflationary strategy
- Spending priorities in health, defense and social services rather than direct industry support programs
- Fiscal approach relies on controlled spending growth and structural savings including slower NDIS expansion
- Limited new manufacturing funding signals reliance on existing programs for sector growth

Initiatives for industry

\$14.8B

Strengthening Australia's fuel resilience

Focus on mitigating the impact of elevated energy costs and improving the stability of critical inputs, which are central to operating conditions across the FMCG sector.

\$2.3 B

Loss carry-back for businesses with up to \$1B turnover

\$2.3 billion over five years to let companies with up to \$1 billion in turnover to offset recent losses against past tax and provide refundable support for early-stage start-ups.

\$85.2M

Fast-tracked skill assessments and occupational licensing

\$85.2 million to deliver faster skills assessments for migrant trades workers and to accelerate occupational licensing.

For manufacturing no new direct capability investment beyond NRF and pre-existing programs

Political Landscape

- Just how broken can a politician's promise be?
- Credibility relies on a question – where is the Opposition and is it Pauline Hanson?
- What will the Opposition reply be?

Q&A

