



Federal Budget 2026–27

A specialised analysis of business grants and incentives

01

2026 National Defence Strategy

Over the next ten years, \$53 billion has been committed to the 2026 National Defence Strategy. The Strategy is supported by an Integrated Investment Program, which includes new and increased investment in capability priorities intended to continue transforming the Australian Defence Force. The Contingency Reserve and alternative financing arrangements will be the source for drawing the balance of funding. No additional grant funding was announced for the defence sector as part of this package. However, businesses in this space will continue to have access to the Defence Industry Development Grants Program.

02

Defence Industry Development Grants Program

The Defence Industry Development Grants (DIDG) Program continues to provide funding for small to medium enterprises that contribute to Australia's sovereign capability, global competitiveness, technical superiority and national security. Grants available through the program range from \$5,000 to \$1 million and will continue to be awarded through to 2027-28. The continuation of the DIDG Program is intended to assist in building the industrial base Australia needs to achieve Defence outcomes in areas of strategic priority. Sovereign Industrial Priorities, Skilling, Exports, and Security form the four grant opportunity streams.

03

Strategic Policy Sector Support

Support for the defence industry and strategic policy sector has been announced through grant opportunities, with \$106.4 million dedicated over six years from 2026-27. The funding includes \$59.1 million over five years from 2027-28 to establish a new open and competitive grant program for the strategic policy sector. The remaining \$47.3 million has been allocated to extend the Defence Industry Internship Program and the School Pathways Program.



Aboriginal & Torres Strait Islander Organisations

01

Culturally Safe Health Care Remains a Priority

From 2026–27, \$144.1 million will be invested over two years into health infrastructure across the Aboriginal Community-Controlled Health Services (ACCHS) sector. The funding will be dedicated to improvements to health infrastructure across the sector and will support over 100 projects delivered or currently underway. New, co-designed programs to improve health outcomes for Aboriginal and Torres Strait Islander Australians will also receive support through a further \$250 million in allocated funds.

02

Additional Funding to Protect First Nations Heritage Sites

A commitment to support the protection of Australia's cultural and First Nations heritage sites has been shown through \$2.2 million of additional funding. This support will empower local communities and First Nations people to assess and identify priorities for heritage protection, community knowledge and cultural significance in the heritage protection decisions. This measure reflects the Government's broader heritage protection framework by centring First Nations voices in heritage identification and protection.

03

Indigenous Boarding Provider Grants Program Extended

The Indigenous Boarding Provider grants program for rural and remote First Nations students has been extended, with \$23.8 million committed over two years from 2026–27. Grants under this program will be available to boarding providers with a high proportion of Aboriginal and Torres Strait Islander students from remote and very remote Australia, enabling providers to address the education, health and wellbeing needs of Aboriginal and Torres Strait Islander boarding students.

04

Remote Jobs and Economic Development Program Funding Doubled

The Remote Jobs and Economic Development (RJED) Program will receive an additional \$299 million of funding over five years from 2025–26. The program funds wages and entitlements for establishing new employee roles in remote communities and for equipment and capital works related to establishing new roles. This investment will double the RJED Program scope, expanding total number of jobs funded under the program from 3,000 up to 6,000, marking a substantial commitment to remote communities development.

05

Investment in Strategic Indigenous Tourism Projects

To increase the supply of high-quality First Nation tourism experiences, \$1.2 million will be invested in 2026–27 to fund projects focussed on improving First Nations tourism experiences and generating supply chain opportunities specific to First Nations tourism businesses. The Indigenous Tourism Fund will be drawn from, utilising a co-investment model with states to fund projects that align with strategic priorities. Significant, long-term benefits for First Nations tourism businesses and the tourism sector will be the aim of funding delivery.

01

AI Accelerator Funding Introduced Under CRC and CRC-P Programs

Up to \$70 million has been committed for the establishment of an AI Accelerator, supporting researchers and businesses to develop and commercialise artificial intelligence in Australia under the National AI Plan. The funding will be delivered through future rounds of the Cooperative Research Centres (CRC) and CRC-P programs in 2026 and 2027, channelling new investment through existing, established collaborative research mechanisms. By embedding the AI Accelerator within the CRC framework, the Government is leveraging proven industry-research partnerships to fast-track AI commercialisation for Australia.

02

Investment in Fuel Security and Critical Supply Chains

Over five years from 2025–26, up to \$11.9 billion will be provided to support Australian households, businesses and industry through the National Fuel Security Plan. The National Reconstruction Fund Corporation will deliver the \$1.0 billion Economic Resilience Program from 2025–26, targeted towards logistics and manufacturing businesses in areas such as freight, fuel, plastics and fertiliser whose supply chains have been affected by global market disruptions. The program will be delivered in two parts through zero interest loans. Loans of up to \$5 million will be administered through participating banks, while loans exceeding \$5 million will be delivered directly by the National Reconstruction Fund Corporation. Loans through a participating bank will also carry a term of up to two years. This measure represents one of the largest single industry-facing commitments in the Budget, signalling the Government's intent to position supply chain resilience as a strategic economic priority alongside cost-of-living support.

03

Reintroduction of Loss Carry Back

For tax years commencing on or after 1 July 2026, companies with an aggregated annual global turnover of less than \$1 billion will be able to carry back a tax loss and offset it against tax paid in the prior two income years. The measure applies to revenue losses only and will be limited by a company's franking account balance, ensuring the offset cannot exceed available franking credits. This reintroduction of the loss carry back measure is intended to provide cash flow relief for otherwise profitable businesses experiencing a downturn, complementing the Budget package of small and medium business tax measures.

04

Continued Availability of Existing Programs

Existing Federal programs, including the National Reconstruction Fund, continue to represent the primary source of Federal funding support for industry, with no substantial new funding measures announced in this Budget. Funding support can instead be more readily found at the State level, with a range of state-based funding opportunities continuing to emerge. However, the availability of state-based grant funding for eligible businesses will depend on timing, the jurisdiction and industry sector, as well as the specific purpose for each funding program.



Low Carbon & Environment

01

\$2.0 Million for Our Marine Parks Grants Program

An additional round of the Our Marine Parks grants program will be delivered through a commitment of \$2.0 million. The funding will continue the support for marine conservation activities and support the long-term health of Australia's marine parks network. Though the funding allocation is relatively small, the additional round will provide continuity for community groups, researchers and traditional owner organisations that rely on the program to deliver on-water conservation outcomes.

02

Reprioritisation of Uncommitted Funding

The Government will achieve savings of \$2.2 billion over 14 years from 2025–26 by redirecting uncommitted funding across the Climate Change, Energy, the Environment and Water portfolio, with reductions primarily concentrated on major clean energy and decarbonisation initiatives. The largest component is \$1.3 billion over ten years from 2026–27, drawn from the \$19.7 billion Future Made in Australia measure, through reduced allocations to Battery Breakthrough and Solar Sunshot, and a cap of \$1.0 billion on Round 2 of Hydrogen Headstart. A further \$164.4 million over three years from 2026–27 is being recovered from the Powering the Regions Fund, alongside additional reductions from uncommitted funding across grant programs and broader portfolio allocations. Similar reprioritisation of uncommitted funds is observed across other portfolios and industries.

Not-For-Profit & Community

01

\$841.7 Million for Community Infrastructure Projects

A commitment of \$841.7 million has been dedicated to improving local community infrastructure through extensions of the Growing Regions Program, the Thriving Suburbs Program and the Stronger Communities Program. The package includes \$781.6 million over four years from 2026–27 for further rounds of the Thriving Suburbs and Growing Regions programs, and \$30.1 million over three years from 2026–27 for round ten of the Stronger Communities Program. Funding will deliver community infrastructure projects in urban and regional Australia and support small capital projects with social benefits for local communities.

02

\$171.7 Million for Children and Families in Need

From 2025–26, \$171.7 million over five years, and \$42.9 million per year ongoing, has been committed to the establishment of a single national Children and Family Support program. Existing grant streams will be consolidated into one, with the new program expected to deliver better outcomes for up to 270,000 children and families per year. The grant administration process will be reformed, in the hopes that frontline services will be better supported for prevention and intervention activities while building capacity within the families and communities sector. This move to a single national program signals a continuing shift away from fragmented funding approaches towards integrated support models.

03

Competitive Grants for the Jewish Community

A total of \$42.9 million and \$102 million has been committed to the Jewish community for mental health support and the enhancement of security. Additionally, a package of \$46.7 million over four years from 2026–27 has been allocated to provide financial support. This includes \$17.2 million over two years specifically for a competitive grant opportunity. This opportunity will support priority and meritorious projects within the Jewish community.

04

\$200 Million for Community Participation

Over three years from 2026–27, \$200 million will be invested to establish an Inclusive Communities Fund, intended to support the capability of community organisations to host group-based participation activities and deliver capacity building support for NDIS participants. The investment recognises that meaningful community participation requires organisations with access to necessary resources, infrastructure and operational capacity, and is targeted at restoring that foundational capability across the sector.



Trade & Foreign Affairs

01

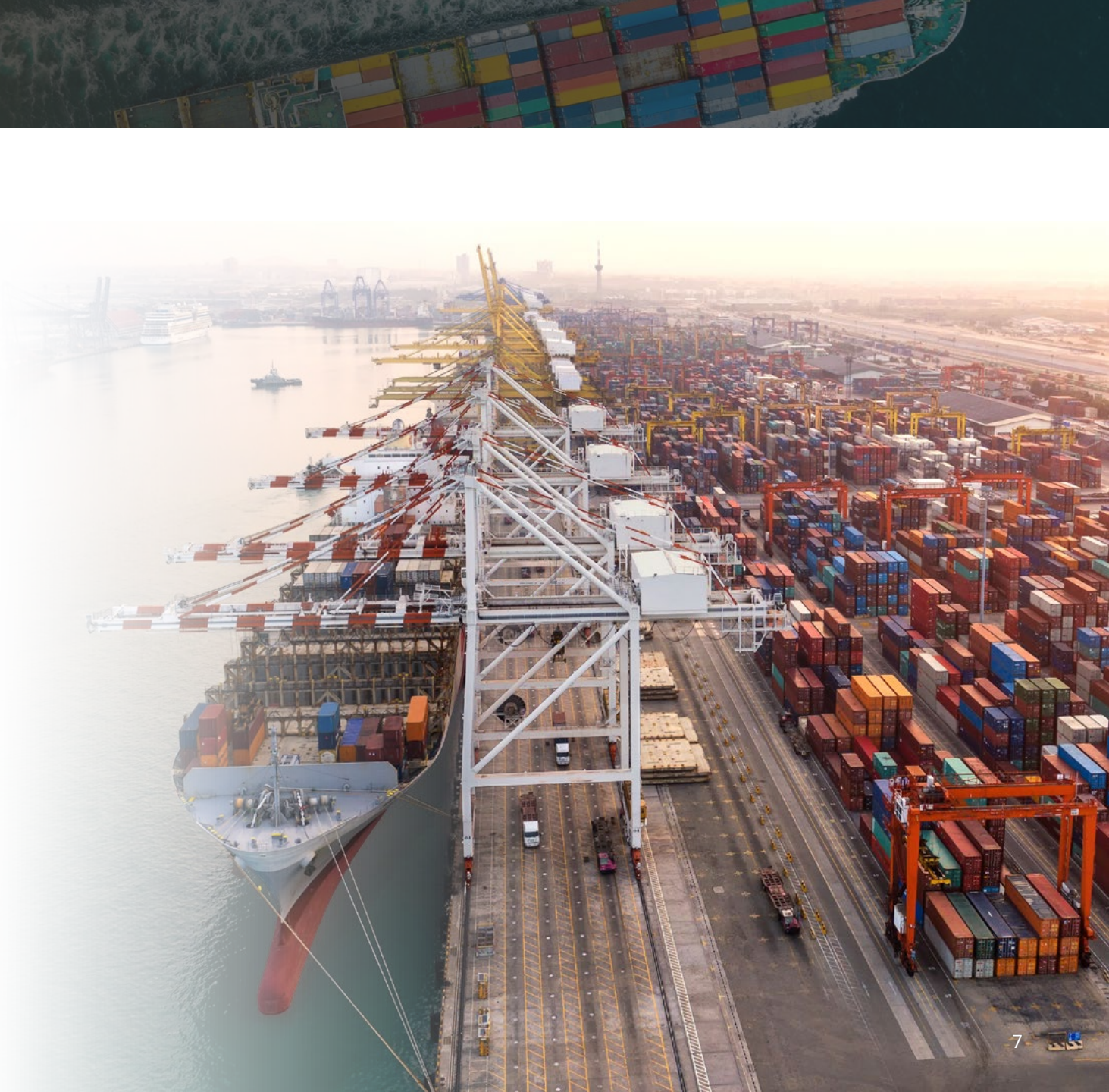
EMDG Funding Remains Unchanged

No changes to the Export Market Development Grant (EMDG) have been announced in this Budget. This program remains in the forward estimates at \$110 million per year until at least 2029–30, with no material change to its scope, eligibility settings or funding profile. For Australian businesses pursuing export market development activities, EMDG continues as an established and reliable source of Federal funding support.

02

Maitri Grants and Fellowships Program Extended

The Maitri Grants and Fellowships programs, administered by the Centre for Australia-India Relations, have been extended through the commitment of \$14.4 million over four years from 2026–27. These programs foster greater exchange and collaboration between Australia and India across cultural, education, research and business communities. This extension will provide continuity for partnerships, academic exchanges and cultural programs that contribute to and reinforce Australia's strategic and cultural engagement with India.





01

R&D Tax Incentive Reforms to Offset Rates and Eligibility

A package of reforms will reshape the thresholds and offset rates of the R&D Tax Incentive (R&DTI), set to commence from 1 July 2028. Core R&D offset rates will increase by 4.5 percentage points, lifting the offset for core R&D expenditure by approximately 25% to 50%. The intensity threshold for higher offset rates will also be reduced from 2% to 1.5% to enable more firms to qualify for higher offset rates.

An increase in the turnover threshold for the highest offset rate has also been announced, raised from \$20 million to \$50 million, allowing growing firms access to the higher offset rate for longer. For firms operating below the new \$50 million threshold, refundability will be limited only to firms under 10 years of age, though older firms remain eligible for the non-refundable offset at the higher rate.

The maximum R&DTI expenditure threshold will be lifted from \$150 million to \$200 million, with the minimum expenditure threshold also rising from \$20,000 to \$50,000. Research activities valued below the new minimum will be required to be undertaken with a registered Research Service Provider or Cooperative Research Centre to remain eligible.

These reforms intend to rebalance the R&DTI toward higher-intensity, longer-duration and better-assured claims.

Research & Innovation

02

Supporting R&D Expenditure No Longer Eligible

Eligibility of supporting R&D expenditure under the R&D Tax Incentive will be removed as part of the announced reforms. From 1 July 2028, only core R&D expenditure will qualify for the R&DTI, narrowing the scope of claimable activities.

Affected businesses should undertake a review of the categorisation of activities in their R&D claims to understand the impact of this change ahead of the changes taking effect. Avant Group can help with this so please reach out to our team if you have any questions.

03

New Loss Refundability for Eligible Startups

Tax relief will be provided to businesses and start-ups through a reform of the treatment of tax losses, intended to encourage investment, support sensible risk-taking and improve firm resilience through temporary shocks. Loss refundability will be introduced for small start-up companies for tax years starting on or after 1 July 2028.

Start-up companies that generate a tax loss in the first two years of operation, with less than \$10 million aggregated annual turnover, will be able to convert these losses into a refundable tax offset. The value of the offset will be limited by the amount of PAYG withholding and fringe benefits tax paid in respect of Australian employees.

04

Changes to Venture Capital Tax Incentives and Investment Caps

Venture capital tax incentives are set to be expanded from 1 July 2027, intended to open availability to patient capital for young, expanding firms, facilitating venture capital investment. The expansion will be realised through adjustments to the asset and fund size caps, compensating for inflation since the caps were last addressed. The Early-Stage Venture Capital Limited Partnership (ESVCLP) cap on eligible investee business assets will be increased from \$50 million to \$80 million, with the maximum fund size increased from \$200 million to \$270 million. The ESVCLP tax incentive cap will be increased from \$250 million to \$420 million. The Venture Capital Limited Partnership (VCLP) cap will be increased from \$250 million to \$480 million.

05

Increase in Medical Research Future Fund Disbursements

The Medical Research Future Fund (MRFF) was established in 2015 to provide additional funding for medical research and medical innovation. For the 12-month period ending 31 March 2026, the MRFF's return was 8.7% against a benchmark return of 5.3%. Future spending of \$508.5 million over four years has been committed to increase disbursements from the MRFF, with annual disbursements rising from \$650.0 million in 2025–26 to \$1.0 billion annually from 2030–31. The funding will be held in the Contingency Reserve pending finalisation of the National Health and Medical Research Strategy.

06

\$20,000 Instant Asset Write-Off Made Permanent

From 1 July 2026, for small businesses with aggregated annual turnover of up to \$10 million, the \$20,000 instant asset write-off will be made permanent. For assets valued at \$20,000 or more, they can continue to be placed into the small business simplified depreciation pool, with the existing treatment for higher-value assets preserved. Provisions to prevent the re-entering of the simplified depreciation regime for five years after a small business has opted out will remain suspended until 30 June 2027.

Who We Are

The ever-evolving funding and grants landscape, as highlighted in the recent 2026–27 Budget developments, underscores the importance of reliable guidance and informed support in navigating changing eligibility requirements, identifying suitable opportunities, and effectively securing funding.

At Avant Group, we are committed to helping businesses navigate this dynamic environment and unlock their full funding potential. We work closely with our clients to identify strategic opportunities and provide tailored support to maximise access to available grants and funding. Our team specialises in navigating the complexities of securing grants and funding: identifying suitable opportunities, preparing high-quality submissions, and overseeing the process end-to-end to maximise the likelihood of success.

If you have any questions regarding the 2026–27 Budget, or would like to speak with our team about how we can support your business, please feel free to contact us at info@avantgroup.com.au or via phone 03 8567 7500. You can also book a meeting below

[Book a meeting with the Avant Group team](#)





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