



Australian Government

BUILDING AUSTRALIA



Supporting Local Government

2026-27 Budget

Connecting Australians | Enriching Communities | Empowering Regions
Supporting Priority Land Transport Infrastructure Projects

The Albanese Labor Government recognises the essential role local government plays in delivering services to all Australians and is delivering record funding to strengthen their capacity.

Through this Budget the Australian Government is providing support to local governments through funding for roads, housing and community infrastructure as well as untied funding to assist councils with the impact of high fuel prices.

 **\$3.6 billion**
in untied
funding

 **\$2 billion**
for new housing
infrastructure

 **\$750 million**
for community
infrastructure

Untied funding

The Government is committed to supporting local government during current unpredictability in the global economy. This Budget includes:

- \$3.6 billion in untied funding under the Financial Assistance Grant program which local government can spend on their own priorities.
- This includes a bring forward payment of \$2.9 billion, being 80% of the 2026-27 estimate, which will be paid to states and territories by 30 June 2026 to be passed onto every council in Australia to assist with immediate cost pressures.

Community Infrastructure

The Government is providing funding to local government for capital works projects that will enhance liveability, bolster social cohesion and support local amenity throughout Australia. The Government has committed:

- \$750 million over four years from 2026 for further rounds of the Growing Regions and Thriving Suburbs programs. The commitment expands the program's proven success in delivering an

open, competitive grants process funding capital works for community infrastructure across our regional, rural and remote communities.

- \$22.5 million of funding over two years from 2026–27 for a tenth round of the Stronger Communities Programme. Continuing to support small scale capital projects that enable and encourage community participation and help build vibrant, connected and resilient communities throughout Australia's regions.

Building more housing

The Government is providing funding for enabling infrastructure to support up to 65,000 homes nationwide over the next decade through:

- \$2 billion for the Local Infrastructure Fund under the Housing Support Program, to help local governments and state-owned utilities build the critical 'last mile' infrastructure needed to support new housing developments. This targeted funding will help unlock development ready land, by fast tracking enabling infrastructure such as water, sewer and electricity connections, with a focus on regional Australia. \$500.0 million will be dedicated to local infrastructure in the regions.
- \$105.9 million over 4 years from 2026-27 to modernise environmental information, data and digital systems to improve user experience and enable simpler, faster environmental approvals under the Environment Protection and Biodiversity Conservation Act 1999 (EPBC Act). The measure will help projects progress through the system faster by making use of AI, leveraging environmental data and clearer information to unlock an improved user experience for proponents.

Supporting local roads

Local governments are responsible for keeping Australia moving through the construction and maintenance of our local road networks. The Government is supporting them through:

- Increased funding for the Roads to Recovery Program, committing \$4.4 billion nationally over the current five-year funding period. This is \$1.8 billion more than the previous five years. Funding is allocated to each local government with \$845.9 million allocated nationally in 2026-27.
- \$150 million in 2026-27 under the Black Spot Program. Anyone can nominate a Black Spot including local government, with 90% of projects nominated and delivered by local governments.
- Providing ongoing funding of at least \$200m every year under the Safer Local Roads and Infrastructure Program. Changes will also be implemented to the Program Guidelines from later this year, to see greater focus on road safety outcomes and make access to the funding more equitable for remote councils, including by introducing a new co-funding tier for Local Government Authority applicants delivering projects in remote areas, who will now be eligible for funding of up to 90 per cent of total project costs.
- Building on the initial success of the Active Transport Fund by providing ongoing funding for the program, with \$50 million to be made available every year. The program will see increased investment to protect vulnerable road users such as cyclists and pedestrians, delivering better road safety and health outcomes and giving people more options for how they choose to move around their cities and towns. The program will open for applications from local, state and territory governments from 1 July 2026
- \$85.6 million in funding for the Supplementary Funding for South Australian Roads program Funding over four years from 2026-27 and \$22.7 million per year ongoing, indexed to the Consumer Price Index (CPI).