

Part 2: Payments for specific purposes

Overview

The Australian Government provides payments to the states for specific purposes in policy areas for which the states have primary responsibility. These payments cover most areas of state and local government activity, including health, education, skills and workforce development, community services, housing, Indigenous affairs, infrastructure and the environment.

Funding for public hospitals under the National Health Reform Agreement is the largest single specific purpose payment to the states, estimated to be \$28.1 billion in 2022-23. This includes funding for the COVID-19 public health response.

Schools funding payments under the *Australian Education Act 2013* are estimated to be \$26.4 billion in 2022-23, comprising funding for government schools of \$10.3 billion and non-government schools of \$16.1 billion.

In 2022-23, the Australian Government is supporting the states in the Skills and Workforce Development sector by providing \$1.6 billion through a National Specific Purpose Payment (National SPP). The states are required to spend this funding in the sector.

In 2022-23, the Australian Government is providing an estimated \$1.6 billion under the National Housing and Homelessness Agreement. Funding will support access to affordable safe and sustainable housing, which includes preventing and addressing homelessness.

National Partnership payments to the states are the key vehicle to facilitate reforms or support the delivery of particular projects and services. Funding agreements are typically entered into for a fixed period of time, reflecting the nature of the project or reform involved.

To the fullest extent possible, National Partnership payments are aligned with the achievement of milestones and are made after the states have achieved the outcomes or outputs specified in the relevant agreement. National Partnership payments are estimated to be \$23.8 billion in 2022-23.

Funding agreements and other Commonwealth-State agreements are publicly available on the Federal Financial Relations website at: www.federalfinancialrelations.gov.au. Details of the appropriation mechanisms for all payments to the states and the terms and conditions applying to them are set out in Appendix E, available online.

Table 2.1: Total payments for specific purposes by category, 2021–22 to 2025–26

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total(a)
2021-22									
National SPP	501	407	321	165	109	33	26	15	1,578
National Health Reform funding(b)	9,911	6,914	6,251	3,168	1,835	578	533	415	29,604
Quality Schools funding	7,657	6,183	5,455	2,558	1,796	572	388	422	25,030
National Housing and Homelessness funding	495	416	334	175	113	35	28	21	1,616
National Partnership payments(c)	11,156	7,891	4,583	3,540	1,570	595	415	1,091	33,106
Total payments for specific purposes	29,720	21,811	16,945	9,605	5,422	1,813	1,390	1,964	90,934
2022-23									
National SPP	508	414	328	168	111	34	27	15	1,606
National Health Reform funding(b)	8,592	7,141	6,230	2,966	1,712	582	514	401	28,139
Quality Schools funding	8,043	6,552	5,747	2,748	1,888	591	408	437	26,413
National Housing and Homelessness funding	502	423	342	178	115	36	28	21	1,645
National Partnership payments(c)	6,140	4,884	4,499	3,471	1,579	799	220	926	23,844
Total payments for specific purposes	23,785	19,415	17,146	9,532	5,405	2,042	1,197	1,800	81,646
2023-24									
National SPP	514	422	334	171	112	34	27	16	1,631
National Health Reform funding	8,686	7,141	6,509	3,075	1,774	583	534	415	28,717
Quality Schools funding	8,414	6,896	6,020	2,899	1,982	614	427	449	27,701
National Housing and Homelessness funding	499	408	334	172	111	34	26	20	1,605
National Partnership payments(c)	6,747	5,448	5,436	3,693	2,131	835	338	658	25,855
Total payments for specific purposes	24,861	20,315	18,635	10,010	6,110	2,100	1,351	1,557	85,509
2024-25									
National SPP	522	431	340	174	113	35	28	16	1,658
National Health Reform funding	9,223	7,572	7,048	3,296	1,866	615	577	463	30,659
Quality Schools funding	8,703	7,166	6,235	3,004	2,053	633	441	455	28,690
National Housing and Homelessness funding	506	416	340	174	113	34	27	20	1,631
National Partnership payments(c)	6,342	4,260	5,116	2,318	1,833	646	182	648	21,592
Total payments for specific purposes	25,296	19,846	19,078	8,966	5,979	1,963	1,254	1,601	84,229

Table 2.1: Total payments for specific purposes by category, 2021–22 to 2025–26 (continued)

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total(a)
2025-26									
National SPP	529	440	345	176	115	35	28	16	1,684
National Health Reform funding	9,790	8,027	7,578	3,522	1,962	649	620	505	32,653
Quality Schools funding	8,995	7,431	6,442	3,106	2,121	649	455	459	29,659
National Housing and Homelessness funding	513	424	345	177	114	35	27	20	1,655
National Partnership payments(c)	3,917	3,183	4,069	1,213	1,190	555	176	406	14,885
Total payments for specific purposes	23,744	19,505	18,779	8,194	5,501	1,923	1,306	1,406	80,536

(a) As state allocations for a number of programs have not yet been determined, these payments are not included in state totals. As a result, total payments may not equal the sum of state totals.

(b) Includes \$5.8 billion in total for the COVID-19 public health response over 2021-22 and 2022-23.

(c) Includes financial assistance grants for local government, payments direct to local government and payments funded through appropriations including but not limited to section 16 of the *Federal Financial Relations Act 2009*.

Table 2.2: Payments for specific purposes by sector and category, 2021–22 to 2025–26

\$million	2021-22	2022-23	2023-24	2024-25	2025-26
<i>Health</i>					
National Health Reform funding(a)	29,604	28,139	28,717	30,659	32,653
National Partnership payments	797	689	437	407	36
Total health payments	30,401	28,828	29,155	31,067	32,689
<i>Education</i>					
Quality Schools funding	25,030	26,413	27,701	28,690	29,659
National Partnership payments(b)	576	545	549	524	388
Total education payments	25,606	26,958	28,250	29,213	30,047
<i>Skills and workforce development</i>					
National Skills and Workforce Development SPP	1,578	1,606	1,631	1,658	1,684
National Partnership payments	573	233	22	-	-
Total skills and workforce development payments	2,150	1,839	1,653	1,658	1,684
<i>Community services</i>					
National Partnership payments	2,166	1,281	1,192	5	6
<i>Affordable housing</i>					
National Housing and Homelessness funding	1,616	1,645	1,605	1,631	1,655
National Partnership payments	1,969	314	5	1	1
Total affordable housing payments	3,585	1,958	1,610	1,632	1,656
<i>Infrastructure</i>					
National Partnership payments(b)	12,269	17,513	19,179	16,832	11,139
<i>Environment</i>					
National Partnership payments(b)	1,597	1,912	981	229	143
<i>Contingent payments</i>					
National Partnership payments	1,719	42	7	1	..
<i>Other</i>					
Business support	7,140	-	-	-	-
National Partnership payments(b)	4,302	1,317	3,483	3,592	3,172
Total payments for specific purposes	90,934	81,646	85,509	84,229	80,536

(a) Includes \$5.8 billion in total for the COVID-19 public health response over 2021-22 and 2022-23.

(b) Includes financial assistance grants for local government, payments direct to local government and payments funded through appropriations including but not limited to section 16 of the *Federal Financial Relations Act 2009*.

Further information on each of these payments is contained in this Part. Total payments to the states for specific purposes, categorised by functions, are set out in Appendix B, which is available online.