

## Part 2: Payments for specific purposes

### Overview

The Australian Government provides payments to state and territory governments (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 \$28.5 billion in 2023–24.

Schools funding payments under the *Australian Education Act 2013* are estimated to be \$28.3 billion in 2023–24, comprising funding for government schools of \$10.8 billion and non-government schools of \$17.4 billion.

In 2023–24, the Australian Government is supporting the states in the Skills and Workforce Development sector by providing \$1.7 billion through a National Specific Purpose Payment (National SPP). The states are required to spend this funding in the sector.

In 2023–24, the Australian Government is providing an estimated \$1.7 billion under the National Housing and Homelessness Agreement. Funding will support access to affordable, safe and sustainable housing, which includes preventing and addressing homelessness.

The Australian Government is providing \$1.5 billion for Energy Bill Relief, with an estimated \$1.1 billion to be provided in 2023–24 and \$0.4 billion in 2024–25.

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 to 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 \$26.1 billion in 2023–24.

Funding agreements and other Commonwealth-State agreements are publicly available on the Federal Financial Relations website at: [www.federalfinancialrelations.gov.au](http://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.

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.

**Table 2.1: Total payments for specific purposes by category, 2022–23 to 2026–27**

| \$million                                 | NSW    | VIC    | QLD    | WA     | SA    | TAS   | ACT   | NT    | Total(a) |
|-------------------------------------------|--------|--------|--------|--------|-------|-------|-------|-------|----------|
| <b>2022-23</b>                            |        |        |        |        |       |       |       |       |          |
| National SPP                              | 504    | 410    | 330    | 173    | 112   | 35    | 28    | 15    | 1,608    |
| National Health Reform funding(b)         | 8,663  | 7,695  | 6,257  | 2,887  | 1,882 | 616   | 525   | 408   | 28,933   |
| Quality Schools funding                   | 8,116  | 6,695  | 5,861  | 2,818  | 1,970 | 599   | 413   | 439   | 26,911   |
| National Housing and Homelessness funding | 498    | 419    | 343    | 182    | 116   | 37    | 29    | 21    | 1,646    |
| Energy Bill Relief                        | -      | -      | -      | -      | -     | -     | -     | -     | -        |
| National Partnership payments(c)          | 5,209  | 4,708  | 4,123  | 2,757  | 1,605 | 764   | 243   | 1,013 | 21,704   |
| Total payments for specific purposes      | 22,990 | 19,927 | 16,914 | 8,817  | 5,686 | 2,051 | 1,239 | 1,897 | 80,803   |
| <b>2023-24</b>                            |        |        |        |        |       |       |       |       |          |
| National SPP                              | 522    | 428    | 343    | 179    | 116   | 36    | 29    | 16    | 1,670    |
| National Health Reform funding(b)         | 8,290  | 6,921  | 6,864  | 3,029  | 1,898 | 621   | 521   | 392   | 28,535   |
| Quality Schools funding                   | 8,535  | 7,065  | 6,135  | 2,974  | 2,070 | 627   | 428   | 454   | 28,288   |
| National Housing and Homelessness funding | 516    | 436    | 356    | 189    | 120   | 38    | 30    | 22    | 1,707    |
| Energy Bill Relief                        | 361    | 282    | 246    | 83     | 95    | 22    | 11    | 9     | 1,110    |
| National Partnership payments(c)          | 6,330  | 4,761  | 4,660  | 4,588  | 1,803 | 934   | 356   | 1,033 | 26,083   |
| Total payments for specific purposes      | 24,553 | 19,894 | 18,603 | 11,041 | 6,103 | 2,279 | 1,376 | 1,926 | 87,393   |
| <b>2024-25</b>                            |        |        |        |        |       |       |       |       |          |
| National SPP                              | 538    | 444    | 354    | 185    | 119   | 37    | 30    | 17    | 1,724    |
| National Health Reform funding            | 8,781  | 7,756  | 7,162  | 3,209  | 1,947 | 634   | 555   | 413   | 30,456   |
| Quality Schools funding                   | 8,862  | 7,370  | 6,371  | 3,085  | 2,162 | 648   | 440   | 461   | 29,399   |
| National Housing and Homelessness funding | 521    | 428    | 353    | 185    | 118   | 37    | 29    | 21    | 1,692    |
| Energy Bill Relief                        | 120    | 94     | 82     | 28     | 32    | 22    | 4     | 3     | 385      |
| National Partnership payments(c)          | 6,283  | 4,498  | 4,638  | 2,987  | 1,538 | 730   | 261   | 682   | 22,828   |
| Total payments for specific purposes      | 25,105 | 20,589 | 18,960 | 9,679  | 5,917 | 2,109 | 1,319 | 1,596 | 86,485   |
| <b>2025-26</b>                            |        |        |        |        |       |       |       |       |          |
| National SPP                              | 549    | 456    | 362    | 190    | 121   | 38    | 31    | 17    | 1,764    |
| National Health Reform funding            | 9,356  | 8,046  | 7,622  | 3,426  | 2,059 | 672   | 591   | 444   | 32,215   |
| Quality Schools funding                   | 9,152  | 7,635  | 6,579  | 3,175  | 2,242 | 665   | 447   | 463   | 30,358   |
| National Housing and Homelessness funding | 532    | 439    | 361    | 189    | 120   | 38    | 30    | 21    | 1,731    |
| Energy Bill Relief                        | -      | -      | -      | -      | -     | -     | -     | -     | -        |
| National Partnership payments(c)          | 5,094  | 5,089  | 4,708  | 1,906  | 1,522 | 644   | 217   | 538   | 20,288   |
| Total payments for specific purposes      | 24,682 | 21,665 | 19,632 | 8,885  | 6,065 | 2,057 | 1,317 | 1,483 | 86,357   |

**Table 2.1: Total payments for specific purposes by category, 2022–23 to 2026–27 (continued)**

| \$million                                 | NSW    | VIC    | QLD    | WA    | SA    | TAS   | ACT   | NT    | Total(a) |
|-------------------------------------------|--------|--------|--------|-------|-------|-------|-------|-------|----------|
| <b>2026–27</b>                            |        |        |        |       |       |       |       |       |          |
| National SPP                              | 558    | 466    | 369    | 193   | 123   | 39    | 32    | 17    | 1,798    |
| National Health Reform funding            | 9,967  | 8,569  | 8,126  | 3,650 | 2,171 | 710   | 630   | 473   | 34,296   |
| Quality Schools funding                   | 9,457  | 7,925  | 6,792  | 3,272 | 2,320 | 682   | 456   | 466   | 31,370   |
| National Housing and Homelessness funding | 541    | 449    | 368    | 193   | 122   | 38    | 31    | 22    | 1,764    |
| Energy Bill Relief                        | -      | -      | -      | -     | -     | -     | -     | -     | -        |
| National Partnership payments(c)          | 4,630  | 4,442  | 4,529  | 1,294 | 1,515 | 466   | 188   | 465   | 18,445   |
| Total payments for specific purposes      | 25,153 | 21,851 | 20,184 | 8,602 | 6,251 | 1,936 | 1,336 | 1,442 | 87,673   |

- 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 \$3.4 billion in total for the COVID-19 public health response in 2022–23 and 2023–24.
- 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, 2022–23 to 2026–27**

| \$million                                       | 2022-23       | 2023-24       | 2024-25       | 2025-26       | 2026-27       |
|-------------------------------------------------|---------------|---------------|---------------|---------------|---------------|
| <i>Health</i>                                   |               |               |               |               |               |
| National Health Reform funding(a)               | 28,933        | 28,535        | 30,456        | 32,215        | 34,296        |
| National Partnership payments                   | 748           | 790           | 793           | 367           | 279           |
| Total health payments                           | 29,681        | 29,325        | 31,249        | 32,582        | 34,575        |
| <i>Education</i>                                |               |               |               |               |               |
| Quality Schools funding                         | 26,911        | 28,288        | 29,399        | 30,358        | 31,370        |
| National Partnership payments(b)                | 796           | 829           | 563           | 603           | 680           |
| Total education payments                        | 27,708        | 29,118        | 29,962        | 30,961        | 32,049        |
| <i>Skills and workforce development</i>         |               |               |               |               |               |
| National Skills and Workforce Development SPP   | 1,608         | 1,670         | 1,724         | 1,764         | 1,798         |
| National Partnership payments                   | 656           | 230           | 147           | 140           | 71            |
| Total skills and workforce development payments | 2,264         | 1,900         | 1,872         | 1,904         | 1,868         |
| <i>Community services</i>                       |               |               |               |               |               |
| National Partnership payments                   | 1,228         | 2,211         | 132           | 60            | 65            |
| <i>Affordable housing</i>                       |               |               |               |               |               |
| National Housing and Homelessness funding       | 1,646         | 1,707         | 1,692         | 1,731         | 1,764         |
| National Partnership payments                   | 830           | 187           | 1             | 2             | 3             |
| Total affordable housing payments               | 2,477         | 1,895         | 1,693         | 1,733         | 1,767         |
| <i>Infrastructure</i>                           |               |               |               |               |               |
| National Partnership payments(b)                | 11,932        | 15,525        | 16,339        | 15,498        | 13,625        |
| <i>Environment, energy and water</i>            |               |               |               |               |               |
| Energy Bill Relief                              | -             | 1,110         | 385           | -             | -             |
| National Partnership payments(b)                | 2,160         | 2,588         | 967           | 171           | 161           |
| Total environment, energy and water payments    | 2,160         | 3,698         | 1,352         | 171           | 161           |
| <i>Contingent payments</i>                      |               |               |               |               |               |
| National Partnership payments                   | 1,550         | ..            | ..            | ..            | ..            |
| <i>Other</i>                                    |               |               |               |               |               |
| Business support                                | 339           | -             | -             | -             | -             |
| National Partnership payments(b)(c)             | 1,464         | 3,722         | 3,887         | 3,447         | 3,561         |
| Total other payments                            | 1,804         | 3,722         | 3,887         | 3,447         | 3,561         |
| <b>Total payments for specific purposes</b>     | <b>80,803</b> | <b>87,393</b> | <b>86,485</b> | <b>86,357</b> | <b>87,673</b> |

a) Includes \$3.4 billion in total for the COVID-19 public health response in 2022–23 and 2023–24.

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

c) Excludes business support payments.