# 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.

Schools funding payments under the Australian Education Act 2013 is the largest specific purpose payment to the states, estimated to be $30.2 billion in 2024–25, comprising funding for government schools of $11.5 billion and non‑government schools of $18.7 billion.

Funding for public hospitals under the National Health Reform Agreement is the second largest specific purpose payment to the states, estimated to be $30.1 billion in 2024–25.

In 2024–25, the Australian Government is supporting the states in the Skills and Workforce Development sector by providing $2.4 billion through the National Skills Agreement.

In 2024–25, the Australian Government has offered the states an estimated $1.8 billion under the National Agreement on Social Housing and Homelessness. Funding will support the effective operation of Australia’s social housing and homelessness services and help those people who are at risk of or are experiencing homelessness.

In 2024‑25, the Australian Government is providing $3.0 billion for Energy Bill Relief, with an additional $871.6 million to be provided in 2025–26.

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 $24.0 billion in 2024–25.

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, 2023–24 to 2027–28

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| $million | NSW | VIC | QLD | WA | SA | TAS | ACT | NT | Total(a) |
| **2023‑24** |   |   |   |   |   |   |   |   |   |
| National Skills Agreement | 628 | 510 | 412 | 219 | 141 | 45 | 37 | 23 | 2,015 |
| National Health Reform |  |  |  |  |  |  |  |  |  |
| funding | 8,419 | 6,200 | 6,829 | 3,038 | 1,992 | 628 | 499 | 391 | 27,995 |
| Quality Schools funding | 8,743 | 7,307 | 6,379 | 3,037 | 2,144 | 654 | 436 | 454 | 29,154 |
| National Agreement on |  |  |  |  |  |  |  |  |  |
| Social Housing and  |  |  |  |  |  |  |  |  |  |
| Homelessness | 515 | 436 | 355 | 190 | 120 | 37 | 30 | 22 | 1,706 |
| Energy Bill Relief | 361 | 282 | 246 | 83 | 95 | 22 | 11 | 9 | 1,110 |
| National Partnership |  |  |  |  |  |  |  |  |  |
| payments(b) | 5,401 | 3,457 | 4,133 | 3,712 | 1,457 | 747 | 279 | 1,091 | 21,985 |
| Total payments for specific |   |   |   |   |   |   |   |   |   |
| purposes | 24,068 | 18,191 | 18,355 | 10,279 | 5,948 | 2,134 | 1,293 | 1,989 | 83,965 |
| **2024‑25** |   |   |   |   |   |   |   |   |   |
| National Skills Agreement | 750 | 612 | 498 | 266 | 170 | 57 | 47 | 31 | 2,432 |
| National Health Reform |   |   |   |   |   |   |   |   |   |
| funding | 8,895 | 7,302 | 7,088 | 3,195 | 2,045 | 658 | 540 | 426 | 30,149 |
| Quality Schools funding | 9,061 | 7,565 | 6,578 | 3,142 | 2,210 | 677 | 454 | 469 | 30,156 |
| National Agreement on |   |   |   |   |   |   |   |   |   |
| Social Housing and  |   |   |   |   |   |   |   |   |   |
| Homelessness(c) | 540 | 451 | 355 | 190 | 120 | 37 | 30 | 56 | 1,778 |
| Energy Bill Relief | 958 | 752 | 606 | 288 | 232 | 87 | 51 | 25 | 3,000 |
| National Partnership |   |   |   |   |   |   |   |   |   |
| payments(b) | 6,326 | 3,446 | 4,200 | 4,173 | 1,642 | 767 | 355 | 1,054 | 24,004 |
| Total payments for specific |   |   |   |   |   |   |   |   |   |
| purposes | 26,530 | 20,128 | 19,326 | 11,254 | 6,418 | 2,283 | 1,478 | 2,061 | 91,519 |
| **2025‑26** |   |   |   |   |   |   |   |   |   |
| National Skills Agreement | 762 | 623 | 505 | 268 | 169 | 55 | 46 | 30 | 2,457 |
| National Health Reform |  |  |  |  |  |  |  |  |  |
| funding | 9,479 | 7,788 | 7,602 | 3,403 | 2,181 | 703 | 574 | 456 | 32,187 |
| Quality Schools funding | 9,419 | 7,890 | 6,832 | 3,255 | 2,301 | 704 | 473 | 481 | 31,356 |
| National Agreement on |  |  |  |  |  |  |  |  |  |
| Social Housing and  |  |  |  |  |  |  |  |  |  |
| Homelessness(c) | 552 | 461 | 364 | 195 | 122 | 38 | 31 | 57 | 1,814 |
| Energy Bill Relief | 279 | 219 | 175 | 87 | 67 | 22 | 16 | 7 | 872 |
| National Partnership |  |  |  |  |  |  |  |  |  |
| payments(b) | 5,553 | 3,551 | 4,948 | 2,987 | 1,706 | 735 | 274 | 1,042 | 21,969 |
| Total payments for specific |   |   |   |   |   |   |   |   |   |
| purposes | 26,045 | 20,533 | 20,425 | 10,193 | 6,546 | 2,256 | 1,414 | 2,073 | 90,654 |

Table 2.1: Total payments for specific purposes by category, 2023–24 to 2027–28 (continued)

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| $million | NSW | VIC | QLD | WA | SA | TAS | ACT | NT | Total(a) |
| **2026‑27** |   |   |   |   |   |   |   |   |   |
| National Skills Agreement | 775 | 636 | 513 | 271 | 170 | 54 | 46 | 30 | 2,496 |
| National Health Reform |  |  |  |  |  |  |  |  |  |
| funding | 10,090 | 8,285 | 8,064 | 3,624 | 2,322 | 748 | 611 | 485 | 34,229 |
| Quality Schools funding | 9,787 | 8,230 | 7,092 | 3,368 | 2,390 | 731 | 492 | 494 | 32,584 |
| National Agreement on |  |  |  |  |  |  |  |  |  |
| Social Housing and  |  |  |  |  |  |  |  |  |  |
| Homelessness(c) | 564 | 472 | 372 | 199 | 125 | 39 | 32 | 58 | 1,856 |
| Energy Bill Relief |  ‑ |  ‑ |  ‑ |  ‑ |  ‑ |  ‑ |  ‑ |  ‑ |  ‑ |
| National Partnership |  |  |  |  |  |  |  |  |  |
| payments(b) | 4,409 | 4,405 | 5,042 | 1,931 | 1,746 | 653 | 240 | 883 | 20,833 |
| Total payments for specific |  |  |  |  |  |  |  |  |  |
| purposes | 25,625 | 22,028 | 21,082 | 9,392 | 6,752 | 2,225 | 1,421 | 1,949 | 91,997 |
| **2027‑28** |   |   |   |   |   |   |   |   |   |
| National Skills Agreement | 787 | 649 | 521 | 275 | 172 | 55 | 47 | 30 | 2,535 |
| National Health Reform |  |  |  |  |  |  |  |  |  |
| funding | 10,746 | 8,824 | 8,588 | 3,859 | 2,472 | 796 | 651 | 516 | 36,454 |
| Quality Schools funding | 10,167 | 8,580 | 7,353 | 3,476 | 2,477 | 757 | 512 | 511 | 33,834 |
| National Agreement on |  |  |  |  |  |  |  |  |  |
| Social Housing and  |  |  |  |  |  |  |  |  |  |
| Homelessness(c) | 575 | 481 | 379 | 203 | 128 | 40 | 32 | 59 | 1,888 |
| Energy Bill Relief |  ‑ |  ‑ |  ‑ |  ‑ |  ‑ |  ‑ |  ‑ |  ‑ |  ‑ |
| National Partnership |  |  |  |  |  |  |  |  |  |
| payments(b) | 4,095 | 4,411 | 4,556 | 1,272 | 1,590 | 511 | 212 | 550 | 18,400 |
| Total payments for specific |   |   |   |   |   |   |   |   |   |
| purposes | 26,370 | 22,945 | 21,398 | 9,084 | 6,839 | 2,159 | 1,455 | 1,666 | 93,111 |

1. State allocations for a number of programs have not yet been determined. These payments are not reflected in state totals. As a result, total payments for specific purposes may not equal the sum of the state figures.
2. 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. Excludes National Skills Agreement and Energy Bill Relief payments which are shown separately.
3. Totals from 2024–25 onwards were correct as at 30 April 2024. State allocations have been updated to reflect the Commonwealth’s offer to the states on 6 May 2024, indexed by Wage Cost Index 1 (see Appendix A). As a result, state allocations do not sum to totals.

Table 2.2: Payments for specific purposes by sector and category, 2023–24 to 2027–28

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| $million | 2023‑24 | 2024‑25 | 2025‑26 | 2026‑27 | 2027‑28 |
| *Health* |   |   |   |   |   |
| National Health Reform funding | 27,995 | 30,149 | 32,187 | 34,229 | 36,454 |
| National Partnership payments | 805 | 1,144 | 942 | 591 | 492 |
| Total health payments | 28,800 | 31,293 | 33,128 | 34,820 | 36,946 |
| *Education* |  |   |  |  |  |
| Quality Schools funding | 29,154 | 30,156 | 31,356 | 32,584 | 33,834 |
| National Partnership payments(a) | 940 | 673 | 624 | 642 | 655 |
| Total education payments | 30,094 | 30,829 | 31,979 | 33,226 | 34,489 |
| *Skills and workforce development* |  |   |  |  |  |
| National Skills Agreement | 2,015 | 2,432 | 2,457 | 2,496 | 2,535 |
| National Partnership payments(b) | 338 | 108 | 197 | 161 | 7 |
| Total skills and workforce development |   |   |   |   |   |
| payments  | 2,353 | 2,540 | 2,654 | 2,657 | 2,542 |
| *Community services* |  |   |  |  |  |
| National Partnership payments | 2,233 | 211 | 65 | 66 | 57 |
| *Affordable housing* |  |   |  |  |  |
| National Agreement on Social |  |   |  |  |  |
| Housing and Homelessness | 1,706 | 1,778 | 1,814 | 1,856 | 1,888 |
| National Partnership payments | 1,611 | 798 | 223 | 221 | 185 |
| Total affordable housing payments | 3,316 | 2,577 | 2,038 | 2,077 | 2,073 |
| *Infrastructure* |  |   |  |  |  |
| National Partnership payments(a) | 13,078 | 15,278 | 15,238 | 14,406 | 12,853 |
| *Environment, energy and water* |  |   |  |  |  |
| Energy Bill Relief | 1,110 | 3,000 | 872 |  ‑ |  ‑ |
| National Partnership payments(a)(c) | 1,495 | 1,812 | 1,128 | 1,137 | 453 |
| Total environment, energy and water payments | 2,605 | 4,811 | 2,000 | 1,137 | 453 |
| *Contingent payments* |  |   |  |  |  |
| National Partnership payments | 591 | .. | .. | .. | .. |
| *Other* |  |   |  |  |  |
| National Partnership payments(a) | 895 | 3,980 | 3,551 | 3,609 | 3,698 |
| **Total payments for specific purposes** | **83,965** | **91,519** | **90,654** | **91,997** | **93,111** |

1. 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.
2. Excludes National Skills Agreement payments which are shown separately.
3. Excludes Energy Bill Relief payments which are shown separately.