

## 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)
<b>2023-24</b>									
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
<b>2024-25</b>									
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
<b>2025-26</b>									
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)
<b>2026-27</b>									
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
<b>2027-28</b>									
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

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

a) 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*.

b) Excludes National Skills Agreement payments which are shown separately.

c) Excludes Energy Bill Relief payments which are shown separately.