

PART 2: PAYMENTS FOR SPECIFIC PURPOSES

OVERVIEW

The Commonwealth 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, estimated at \$19.6 billion in 2017-18.

Schools funding under the *Australian Education Act 2013* is estimated to be \$18.2 billion in 2017-18, comprising funding for government schools of \$6.9 billion and non-government schools of \$11.1 billion.

In 2016-17, the Commonwealth supports the States in three service delivery sectors through National Specific Purpose Payments (National SPPs) – Skills and Workforce Development, Disability Services and Affordable Housing. The States are required to spend each National SPP in the relevant sector. From 2018-19, the National Affordable Housing SPP will be combined with new funding for homelessness and provided under the National Housing and Homelessness Agreement.

The National SPPs are indexed each year by growth factors specified in the *Intergovernmental Agreement on Federal Financial Relations* (the Intergovernmental Agreement). Funding is distributed among the States by share of population. National SPPs are estimated to be \$4.4 billion in 2017-18.

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

To the fullest extent possible, payments under National Partnerships 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 \$13.7 billion in 2017-18.

National Partnerships 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.

Total payments for specific purposes by category are shown in Table 2.1.

Table 2.1: Total payments for specific purposes by category, 2016-17 to 2020-21

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total(a)
2016-17									
National Specific Purpose									
Payments	1,381	1,087	865	466	304	92	71	43	4,309
National Health Reform funding	5,653	4,667	3,891	2,042	1,268	370	341	228	18,460
National Housing and Homelessness funding	-	-	-	-	-	-	-	-	-
Quality Schools funding	5,295	4,260	3,659	1,682	1,187	399	280	331	17,095
National Partnership payments(b)	5,620	2,232	3,252	1,682	1,163	1,096	205	606	15,967
Total payments for specific purposes	17,948	12,246	11,666	5,873	3,922	1,957	897	1,209	55,831
2017-18									
National Specific Purpose									
Payments	1,410	1,115	882	476	308	93	47	44	4,375
National Health Reform funding	6,020	4,967	4,127	2,120	1,306	394	375	255	19,563
National Housing and Homelessness funding	-	-	-	-	-	-	-	-	-
Quality Schools funding	5,685	4,517	3,901	1,785	1,244	421	290	360	18,218
National Partnership payments(b)	4,429	1,872	3,006	1,598	1,415	330	161	627	13,742
Total payments for specific purposes	17,544	12,472	11,916	5,979	4,274	1,237	872	1,285	55,898
2018-19									
National Specific Purpose									
Payments	486	794	624	337	106	65	25	31	2,468
National Health Reform funding	6,350	5,214	4,372	2,253	1,364	408	399	279	20,639
National Housing and Homelessness funding	473	375	306	165	105	32	24	19	1,500
Quality Schools funding	5,984	4,789	4,123	1,909	1,309	439	302	382	19,266
National Partnership payments(b)	4,545	2,627	3,579	1,616	994	362	139	338	14,593
Total payments for specific purposes	17,838	13,800	13,004	6,279	3,877	1,307	889	1,049	58,465
2019-20									
National Specific Purpose									
Payments	494	394	308	347	106	32	25	15	1,721
National Health Reform funding	6,695	5,473	4,630	2,394	1,424	424	426	304	21,769
National Housing and Homelessness funding	480	383	311	168	106	32	25	19	1,525
Quality Schools funding	6,313	5,096	4,411	2,046	1,381	458	316	406	20,457
National Partnership payments(b)	2,698	1,705	2,796	2,058	653	187	108	274	10,834
Total payments for specific purposes	16,680	13,050	12,455	7,012	3,670	1,133	900	1,019	56,306

Table 2.1: Total payments for specific purposes by category, 2016-17 to 2020-21 (continued)

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total(a)
2020-21									
National Specific Purpose									
Payments	501	401	312	169	107	32	25	15	1,563
National Health Reform funding	6,975	5,701	4,823	2,494	1,483	441	444	317	22,677
National Housing and Homelessness funding	488	390	316	171	107	32	25	20	1,548
Quality Schools funding	6,656	5,423	4,706	2,192	1,455	478	331	433	21,707
National Partnership payments(b)	2,173	1,335	2,503	1,307	379	177	110	158	8,704
Total payments for specific purposes	16,793	13,250	12,659	6,332	3,532	1,160	936	943	56,200

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

(b) Includes financial assistance grants for local government and payments direct to local government.

Total payments for specific purposes by sector are shown in Table 2.2.

Table 2.2: Total payments for specific purposes by sector, 2016-17 to 2020-21

\$million	2016-17	2017-18	2018-19	2019-20	2020-21
Health	19,661	20,031	21,003	21,984	22,871
Education	17,678	18,784	19,611	20,502	21,740
Skills and workforce development	2,003	1,845	1,877	1,930	1,933
Community services	2,664	3,007	4,798	2,153	1,100
Affordable housing	1,898	1,914	1,504	1,529	1,553
Infrastructure	7,562	7,961	6,220	5,103	4,202
Environment	493	657	469	225	180
Contingent	83	10	2	..	-
Other(a)	3,790	1,689	2,983	2,878	2,620
Total payments for specific purposes	55,831	55,898	58,465	56,306	56,200

(a) Includes financial assistance grants for local government.

Total payments for specific purposes by sector and category are shown in Table 2.3.

Table 2.3: Total payments for specific purposes by sector and category, 2016-17 to 2020-21

\$million	2016-17	2017-18	2018-19	2019-20	2020-21
<i>Health</i>					
National Health Reform funding	18,460	19,563	20,639	21,769	22,677
National Partnerships	1,201	469	364	215	195
Total health payments	19,661	20,031	21,003	21,984	22,871
<i>Education</i>					
Quality Schools funding	17,095	18,218	19,266	20,457	21,707
National Partnerships	583	566	345	45	33
Total education payments	17,678	18,784	19,611	20,502	21,740
<i>Skills and workforce development</i>					
National Skills and Workforce Development SPP					
Development SPP	1,476	1,495	1,517	1,540	1,563
National Partnerships	527	350	360	390	370
Total skills and workforce development payments	2,003	1,845	1,877	1,930	1,933
<i>Community services</i>					
National Disability SPP	1,490	1,520	951	180	-
National Partnerships	1,173	1,487	3,847	1,973	1,100
Total community services payments	2,664	3,007	4,798	2,153	1,100
<i>Affordable housing</i>					
National Affordable Housing SPP					
National Housing and Homelessness funding	-	-	1,500	1,525	1,548
National Partnerships	555	554	4	5	5
Total affordable housing payments	1,898	1,914	1,504	1,529	1,553
<i>Infrastructure</i>					
National Partnerships	7,562	7,961	6,220	5,103	4,202
<i>Environment</i>					
National Partnerships	493	657	469	225	180
<i>Contingent payments</i>					
National Partnerships	83	10	2	..	-
<i>Other</i>					
National Partnerships(a)	3,790	1,689	2,983	2,878	2,620
Total payments for specific purposes	55,831	55,898	58,465	56,306	56,200

(a) Includes financial assistance grants for local government.

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