

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 health and hospital services under the National Health Reform Agreement is the largest payment to the states for a specific purpose, estimated to be \$37.4 billion in 2026–27.
- Better and Fairer Schools funding is the second largest payment to the states for a specific purpose, estimated to be \$34.4 billion in 2026–27, comprising funding for government schools of \$13.0 billion and non-government schools of \$21.4 billion.
- In 2026–27, the Australian Government is supporting the states in the skills and workforce development sector by providing \$2.6 billion through the National Skills Agreement.
- In 2026–27, the Australian Government is paying \$280.0 million to deliver Thriving Kids under the National Agreement on Foundational Supports.
- In 2026–27, the Australian Government is contributing \$1.9 billion under the National Agreement on Social Housing and Homelessness.
- In 2026–27, the Australian Government is providing \$759.9 million under the National Access to Justice Partnership for improved justice outcomes for people experiencing vulnerability and financial disadvantage.

National Partnership payments to the states are the key vehicle for facilitating reforms or supporting delivery of 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 a state has achieved the outcomes or outputs specified in the relevant agreement. National Partnership payments are estimated to be \$20.2 billion in 2026–27.

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.

Further information on each of these payments is contained in this Part. Total payments to the states for specific purposes, categorised by the International Monetary Fund’s Classification of the Functions of Government, are set out in Appendix B, available online.

Table 2.1: Total payments for specific purposes by category, 2025–26 to 2029–30

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total(a)
2025-26									
National Health Reform funding	9,484	7,779	7,537	3,466	2,179	704	579	486	32,214
Better and Fairer Schools funding(b)	9,657	8,319	7,214	3,577	2,406	747	500	558	32,979
National Skills Agreement	780	642	501	266	176	56	52	33	2,505
National Agreement on Foundational Supports	-	-	-	-	-	-	-	-	-
National Agreement on Social Housing and Homelessness	551	461	363	194	122	38	31	57	1,817
Energy Bill Relief	529	450	359	185	125	39	31	14	1,733
National Access to Justice Partnership	193	129	158	98	58	24	15	62	738
National Partnership payments(c)	6,902	8,011	6,439	3,455	3,099	811	485	1,314	29,612
Total payments for specific purposes	28,096	25,790	22,572	11,242	8,166	2,420	1,693	2,523	101,598
2026-27									
National Health Reform funding	10,916	9,029	8,772	3,998	2,589	831	694	592	37,421
Better and Fairer Schools funding(b)	10,051	8,645	7,513	3,743	2,515	783	528	616	34,394
National Skills Agreement	800	649	536	294	181	66	51	37	2,614
National Agreement on Foundational Supports	88	72	57	30	19	6	5	3	280
National Agreement on Social Housing and Homelessness	565	472	372	200	125	39	32	58	1,864
Energy Bill Relief	-	-	-	-	-	-	-	-	-
National Access to Justice Partnership	199	133	163	101	60	25	15	63	760
National Partnership payments(c)	4,224	5,548	5,342	2,521	2,366	807	426	1,315	20,186
Total payments for specific purposes	26,845	24,548	22,754	10,887	7,855	2,557	1,750	2,685	97,519

Table 2.1: Total payments for specific purposes by category, 2025–26 to 2029–30 (continued)

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total(a)
2027-28									
National Health Reform funding	11,790	9,751	9,473	4,318	2,796	937	750	639	40,454
Better and Fairer Schools funding(b)	10,465	9,025	7,827	3,899	2,623	808	548	678	35,873
National Skills Agreement	807	662	539	297	180	55	49	35	2,623
National Agreement on Foundational Supports	88	72	57	30	19	6	5	3	280
National Agreement on Social Housing and Homelessness	578	483	380	204	128	40	32	59	1,905
Energy Bill Relief	-	-	-	-	-	-	-	-	-
National Access to Justice Partnership	203	136	166	104	61	26	15	65	777
National Partnership payments(c)	4,706	5,179	6,928	2,322	2,294	769	311	995	21,969
Total payments for specific purposes	28,638	25,309	25,371	11,173	8,102	2,640	1,710	2,474	103,880
2028-29									
National Health Reform funding	12,733	10,531	10,231	4,663	3,019	1,012	810	690	43,690
Better and Fairer Schools funding(b)	10,940	9,415	8,155	4,062	2,752	836	568	743	37,471
National Skills Agreement	694	583	470	262	157	44	41	27	2,277
National Agreement on Foundational Supports	88	72	57	30	19	6	5	3	280
National Agreement on Social Housing and Homelessness	590	493	388	208	131	41	33	61	1,945
Energy Bill Relief	-	-	-	-	-	-	-	-	-
National Access to Justice Partnership	207	139	170	106	62	26	16	66	791
National Partnership payments(c)	4,259	4,809	6,729	1,678	1,907	626	248	933	21,096
Total payments for specific purposes	29,511	26,042	26,200	11,009	8,047	2,592	1,719	2,523	107,551

Table 2.1: Total payments for specific purposes by category, 2025–26 to 2029–30 (continued)

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total(a)
2029-30									
National Health Reform funding	13,752	11,374	11,050	5,036	3,261	1,093	874	746	47,185
Better and Fairer Schools funding(b)	11,530	9,818	8,528	4,239	2,911	871	591	788	39,277
National Skills Agreement	597	500	399	216	130	39	34	18	1,933
National Agreement on Foundational Supports	88	72	57	30	19	6	5	3	280
National Agreement on Social Housing and Homelessness	603	504	397	213	134	42	34	62	1,990
Energy Bill Relief	-	-	-	-	-	-	-	-	-
National Access to Justice Partnership	216	145	177	110	65	27	16	69	824
National Partnership payments(c)	4,022	4,202	5,729	1,508	1,528	779	138	875	20,092
Total payments for specific purposes	30,809	26,615	26,336	11,353	8,048	2,856	1,692	2,561	111,580

- 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. Additionally, a general slippage adjustment has been applied to Infrastructure Investment Program spending at the national level from 2025–26 to 2029–30 to take account of historical experiences, including the timing of states claiming payments against milestones and the complexity of delivery. A temporary Fuel and Other Materials Disruption slippage adjustment has also been applied at the national level from 2026–27 to 2028–29 to recognise the uncertain impacts of the Middle East conflict on the availability of key materials for the delivery of projects. State totals are unaffected by the slippage assumptions. The slippage adjustments are unwound from 2030–31.
- b) Includes funding for non-government representative bodies.
- c) Includes financial assistance grants for local governments, payments direct to local governments, and payments funded through legislative appropriations other than section 16 (National Partnership payments) of the *Federal Financial Relations Act 2009*. Excludes National Partnership payments made under the National Skills Agreement, National Agreement on Foundational Supports, Energy Bill Relief and National Access to Justice Partnership, which are shown separately.

Table 2.2: Payments for specific purposes by sector and category, 2025–26 to 2029–30

\$million	2025-26	2026-27	2027-28	2028-29	2029-30
<i>Health</i>					
National Health Reform funding	32,214	37,421	40,454	43,690	47,185
National Partnership payments	2,810	1,636	1,259	455	344
Total health payments	35,024	39,057	41,712	44,145	47,529
<i>Education</i>					
Better and Fairer Schools funding(a)	32,979	34,394	35,873	37,471	39,277
National Partnership payments(b)	840	777	690	652	610
Total education payments	33,819	35,171	36,563	38,123	39,887
<i>Skills and workforce development</i>					
National Skills Agreement	2,505	2,614	2,623	2,277	1,933
National Partnership payments(c)	256	294	212	182	188
Total skills and workforce development payments	2,761	2,908	2,835	2,459	2,121
<i>Community services</i>					
National Agreement on Foundational Supports	-	280	280	280	280
National Partnership payments(b)(d)	246	286	289	290	301
Total community services payments	246	566	569	570	581
<i>Affordable housing</i>					
National Agreement on Social Housing and Homelessness	1,817	1,864	1,905	1,945	1,990
National Partnership payments(b)	461	1,065	949	1,011	1,760
Total affordable housing payments	2,278	2,929	2,854	2,956	3,750
<i>Infrastructure</i>					
National Partnership payments(b)(e)	15,770	13,484	13,810	14,083	12,216
<i>Environment, energy and water</i>					
Energy Bill Relief	1,733	-	-	-	-
National Partnership payments(b)(f)	1,911	1,502	852	464	562
Total environment, energy and water payments	3,644	1,502	852	464	562
<i>Contingent payments</i>					
National Partnership payments	1,994
<i>Other</i>					
National Access to Justice Partnership	738	760	777	791	824
National Partnership payments(g)	5,324	1,141	3,908	3,959	4,109
Total other payments	6,062	1,901	4,685	4,750	4,933
Total payments for specific purposes	101,598	97,519	103,880	107,551	111,580

a) Includes funding for non-government representative bodies.

b) Includes financial assistance grants for local government, payments direct to local government, and/or payments funded through legislative appropriations other than section 16 (National Partnership payments) of the *Federal Financial Relations Act 2009*.

c) Excludes payments under the National Skills Agreement, which are shown separately.

d) Excludes National Partnership payments made under the National Agreement on Foundational Supports, which are shown separately.

e) A general slippage adjustment has been applied to Infrastructure Investment Program spending at the national level from 2025–26 to 2029–30 to take account of historical experiences, including the timing of states claiming payments against milestones and the complexity of delivery. A temporary Fuel and Other Materials Disruption slippage adjustment has also been applied at the national level from 2026–27 to 2028–29 to recognise the uncertain impacts of the Middle East conflict on the availability of key materials for the delivery of projects. The slippage adjustments are unwound from 2030–31.

f) Excludes National Partnership payments made under Energy Bill Relief, which are shown separately.

g) Excludes National Partnership payments made under the National Access to Justice Partnership, which are shown separately.