# Appendix C: Australia’s Federal Financial Relations

This appendix provides information on payments to state and territory governments (the states) for specific purposes and general revenue assistance, including the GST entitlement.

Australian Government payments to the states are framed by the Intergovernmental Agreement on Federal Financial Relations (the Intergovernmental Agreement), which has been in place since 1 January 2009. The Intergovernmental Agreement recognises that the states have primary responsibility for many areas of service delivery, but that coordinated action is necessary to address Australia’s economic and social challenges.

The Council on Federal Financial Relations (CFFR), comprising the Commonwealth Treasurer as Chair and all state and territory treasurers, is responsible for overseeing the financial relationship between the Commonwealth and the states. On 28 August 2020, CFFR implemented the Federation Funding Agreements (FFA) Framework to govern Commonwealth‑state funding agreements. The FFA Framework complements the Intergovernmental Agreement.

More detailed information on Australia’s federal financial relations can be found in Budget Paper No. 3, Federal Financial Relations 2024–25 and on the Federal Financial Relations website at: www.federalfinancialrelations.gov.au.

## Overview of payments to the states

Australian Government payments to the states in 2024–25 are estimated to be $187.5 billion, or 24.7 per cent of total Australian Government expenditure for the year. This amount comprises payments for specific purposes of $90.9 billion and general revenue assistance of $96.6 billion.

Table C.1 shows payments for specific purposes and general revenue assistance to the states.

Table C.1: Australian Government payments to the states, 2024–25 to 2027–28

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| $million | **NSW** | **VIC** | **QLD** | **WA** | **SA** | **TAS** | **ACT** | **NT** | **Total** |
| **2024-25** |  |  |  |  |  |  |  |  |  |
| Payments for specific |  |  |  |  |  |  |  |  |  |
| purposes(a) | 26,204 | 19,890 | 19,445 | 11,437 | 6,838 | 2,231 | 1,469 | 2,310 | 90,871 |
| GST-related payments(b) | 26,419 | 24,042 | 18,979 | 7,435 | 9,157 | 3,604 | 2,002 | 4,322 | 95,959 |
| Other general revenue |  |  |  |  |  |  |  |  |  |
| assistance(c) | - | - | - | 638 | - | - | 45 | - | 683 |
| Total payments to the states | 52,623 | 43,932 | 38,424 | 19,509 | 15,995 | 5,836 | 3,516 | 6,631 | 187,513 |

Table C.1: Australian Government payments to the states, 2024–25 to 2027–28 (continued)

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| $million | **NSW** | **VIC** | **QLD** | **WA** | **SA** | **TAS** | **ACT** | **NT** | **Total** |
| **2025-26** |  |  |  |  |  |  |  |  |  |
| Payments for specific |  |  |  |  |  |  |  |  |  |
| purposes(a) | 26,900 | 20,968 | 20,717 | 10,810 | 7,224 | 2,523 | 1,467 | 2,295 | 92,658 |
| GST-related payments(b) | 27,713 | 25,325 | 19,980 | 7,830 | 9,566 | 3,743 | 2,099 | 4,507 | 100,762 |
| Other general revenue |  |  |  |  |  |  |  |  |  |
| assistance(c) | - | - | - | 505 | - | - | 46 | - | 552 |
| Total payments to the states | 54,613 | 46,293 | 40,697 | 19,145 | 16,790 | 6,266 | 3,612 | 6,802 | 193,972 |
| **2026-27** |  |  |  |  |  |  |  |  |  |
| Payments for specific |  |  |  |  |  |  |  |  |  |
| purposes(a) | 26,230 | 22,424 | 21,272 | 9,988 | 7,192 | 2,430 | 1,484 | 2,178 | 94,401 |
| GST-related payments(b) | 28,709 | 26,382 | 20,786 | 9,441 | 9,942 | 3,886 | 2,188 | 4,730 | 106,065 |
| Other general revenue |  |  |  |  |  |  |  |  |  |
| assistance(c) | - | - | - | 390 | - | - | 47 | - | 438 |
| Total payments to the states | 54,939 | 48,806 | 42,059 | 19,820 | 17,134 | 6,316 | 3,719 | 6,908 | 200,904 |
| **2027-28** |  |  |  |  |  |  |  |  |  |
| Payments for specific |  |  |  |  |  |  |  |  |  |
| purposes(a) | 26,850 | 23,320 | 21,594 | 9,409 | 7,307 | 2,350 | 1,503 | 1,928 | 96,618 |
| GST-related payments(b) | 29,746 | 27,483 | 21,624 | 9,989 | 10,335 | 4,040 | 2,283 | 4,975 | 110,474 |
| Other general revenue |  |  |  |  |  |  |  |  |  |
| assistance(c) | - | - | - | 348 | - | - | 48 | - | 396 |
| Total payments to the states | 56,596 | 50,804 | 43,218 | 19,746 | 17,642 | 6,389 | 3,834 | 6,903 | 207,488 |

1. State allocations for several programs are not yet determined. These payments are not reflected in state totals. Hence, total payments for specific purposes may not equal the sum of the state figures.
2. Includes GST entitlement and horizontal fiscal equalisation (HFE) transition payments (also known as the No Worse Off guarantee). State allocations depend on the GST revenue sharing relativities for each financial year. They are calculated using the Commonwealth Grants Commission’s 2024–25 GST relativities. The estimates do not reflect any attempt to project future GST relativities or GST entitlements.
3. Includes ACT municipal services and royalty payments. See Table C.6 for further information.

## Payments for specific purposes

The Australian Government provides payments to the states for specific purposes in policy areas for which the states have primary responsibility. Payments to the states for specific purposes are estimated to total $90.9 billion in 2024–25, which is 12.0 per cent of total Australian Government expenditure for the year and an increase of $7.0 billion (or 8.3 per cent) on the $83.9 billion the states received in 2023–24.

The Australian Government provides the following types of specific purpose payments to the states:

* National Health Reform funding, largely for public hospital services.
* Better and Fairer Schools funding, for government and non‑government schools.
* Payments for skills and workforce development activities, including through the National Skills Agreement.
* National Agreement on Social Housing and Homelessness funding to support the delivery of social housing and homelessness services.
* Energy Bill Relief reimbursement payments, for cost of living relief.
* National Access to Justice Partnership funding, for improved justice outcomes for people experiencing vulnerability and financial disadvantage.
* National Partnership payments in a wide range of service delivery areas, including land transport infrastructure.

Table C.2 shows total payments for specific purposes by category.

Table C.2: Total payments for specific purposes by category, 2024–25 to 2027–28

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| $million | **NSW** | **VIC** | **QLD** | **WA** | **SA** | **TAS** | **ACT** | **NT** | **Total(a)** |
| **2024-25** |  |  |  |  |  |  |  |  |  |
| National Health Reform |  |  |  |  |  |  |  |  |  |
| funding | 8,895 | 7,302 | 7,088 | 3,195 | 2,045 | 658 | 540 | 426 | 30,149 |
| Better and Fairer Schools |  |  |  |  |  |  |  |  |  |
| funding(b)(c) | 9,254 | 7,810 | 6,774 | 3,282 | 2,269 | 699 | 464 | 508 | 31,060 |
| National Skills Agreement(d) | 775 | 630 | 515 | 276 | 175 | 58 | 48 | 34 | 2,511 |
| National Agreement on Social |  |  |  |  |  |  |  |  |  |
| Housing and Homelessness | 540 | 451 | 355 | 190 | 120 | 37 | 30 | 56 | 1,779 |
| Energy Bill Relief | 838 | 658 | 524 | 261 | 200 | 65 | 48 | 22 | 2,615 |
| National Legal Assistance |  |  |  |  |  |  |  |  |  |
| Partnership (2020-2025)(e) | 155 | 109 | 123 | 69 | 45 | 19 | 12 | 37 | 569 |
| National Partnership |  |  |  |  |  |  |  |  |  |
| payments(f)(g) | 5,749 | 2,931 | 4,066 | 4,164 | 1,984 | 695 | 327 | 1,228 | 22,188 |
| Total payments for |  |  |  |  |  |  |  |  |  |
| specific purposes | 26,204 | 19,890 | 19,445 | 11,437 | 6,838 | 2,231 | 1,469 | 2,310 | 90,871 |
| **2025-26** |  |  |  |  |  |  |  |  |  |
| National Health Reform |  |  |  |  |  |  |  |  |  |
| funding(h) | 9,479 | 7,788 | 7,602 | 3,403 | 2,181 | 703 | 574 | 456 | 32,187 |
| Better and Fairer Schools |  |  |  |  |  |  |  |  |  |
| funding(b)(c) | 9,557 | 8,068 | 6,975 | 3,449 | 2,347 | 740 | 492 | 563 | 32,191 |
| National Skills Agreement(d) | 761 | 623 | 506 | 271 | 170 | 55 | 46 | 31 | 2,464 |
| National Agreement on Social |  |  |  |  |  |  |  |  |  |
| Housing and Homelessness | 551 | 461 | 363 | 195 | 122 | 38 | 31 | 57 | 1,818 |
| Energy Bill Relief | 279 | 219 | 175 | 87 | 67 | 22 | 16 | 7 | 872 |
| National Access to Justice |  |  |  |  |  |  |  |  |  |
| Partnership | 193 | 129 | 158 | 98 | 58 | 24 | 15 | 62 | 738 |
| National Partnership |  |  |  |  |  |  |  |  |  |
| payments(f)(g) | 6,079 | 3,680 | 4,937 | 3,307 | 2,279 | 942 | 293 | 1,119 | 22,388 |
| Total payments for |  |  |  |  |  |  |  |  |  |
| specific purposes | 26,900 | 20,968 | 20,717 | 10,810 | 7,224 | 2,523 | 1,467 | 2,295 | 92,658 |
| **2026-27** |  |  |  |  |  |  |  |  |  |
| National Health Reform |  |  |  |  |  |  |  |  |  |
| funding(h) | 10,090 | 8,285 | 8,064 | 3,624 | 2,322 | 748 | 611 | 485 | 34,229 |
| Better and Fairer Schools |  |  |  |  |  |  |  |  |  |
| funding(b)(c) | 9,922 | 8,411 | 7,237 | 3,608 | 2,436 | 776 | 518 | 626 | 33,534 |
| National Skills Agreement(d) | 776 | 638 | 517 | 277 | 172 | 56 | 47 | 31 | 2,516 |
| National Agreement on Social |  |  |  |  |  |  |  |  |  |
| Housing and Homelessness | 565 | 472 | 372 | 199 | 125 | 39 | 32 | 58 | 1,862 |
| Energy Bill Relief | - | - | - | - | - | - | - | - | - |
| National Access to Justice |  |  |  |  |  |  |  |  |  |
| Partnership | 199 | 133 | 162 | 101 | 60 | 25 | 15 | 63 | 758 |
| National Partnership |  |  |  |  |  |  |  |  |  |
| payments(f)(g) | 4,679 | 4,484 | 4,920 | 2,178 | 2,077 | 786 | 261 | 915 | 21,502 |
| Total payments for |  |  |  |  |  |  |  |  |  |
| specific purposes | 26,230 | 22,424 | 21,272 | 9,988 | 7,192 | 2,430 | 1,484 | 2,178 | 94,401 |

Table C.2: Total payments for specific purposes by category, 2024–25 to 2027–28 (continued)

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| $million | **NSW** | **VIC** | **QLD** | **WA** | **SA** | **TAS** | **ACT** | **NT** | **Total(a)** |
| **2027-28** |  |  |  |  |  |  |  |  |  |
| National Health Reform |  |  |  |  |  |  |  |  |  |
| funding(h) | 10,746 | 8,824 | 8,588 | 3,859 | 2,472 | 796 | 651 | 516 | 36,454 |
| Better and Fairer Schools |  |  |  |  |  |  |  |  |  |
| funding(b)(c) | 10,298 | 8,763 | 7,499 | 3,722 | 2,523 | 803 | 539 | 696 | 34,841 |
| National Skills Agreement(d) | 786 | 649 | 525 | 282 | 174 | 56 | 48 | 31 | 2,552 |
| National Agreement on Social |  |  |  |  |  |  |  |  |  |
| Housing and Homelessness | 575 | 481 | 379 | 203 | 128 | 40 | 32 | 59 | 1,897 |
| Energy Bill Relief | - | - | - | - | - | - | - | - | - |
| National Access to Justice |  |  |  |  |  |  |  |  |  |
| Partnership | 203 | 136 | 166 | 103 | 61 | 26 | 15 | 65 | 774 |
| National Partnership |  |  |  |  |  |  |  |  |  |
| payments(f)(g) | 4,241 | 4,468 | 4,437 | 1,240 | 1,949 | 629 | 219 | 561 | 20,101 |
| Total payments for |  |  |  |  |  |  |  |  |  |
| specific purposes | 26,850 | 23,320 | 21,594 | 9,409 | 7,307 | 2,350 | 1,503 | 1,928 | 96,618 |

1. As state allocations for several 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 slippage adjustment has been applied to Infrastructure Investment Program spending at the national level in 2024–25, 2025–26 and 2026–27 to take account of historical experiences, including the timing of states claiming payments against milestones and the complexity of delivery. State totals are unaffected by the slippage assumption. The adjustment has been unwound over 2027–28 to 2032–33. See Box C.1 for further details.
2. Funding includes the Interim School Funding Agreement (ISFA) for jurisdictions (NSW, VIC, QLD and SA) that have not signed the Better and Fairer Schools Agreement. ISFA expires on 31 December 2025.
3. Includes funding for non-government representative bodies.
4. The National Skills Agreement (NSA) commenced on 1 January 2024, replacing the National Agreement for Skills and Workforce Development.
5. To be replaced by the National Access to Justice Partnership from 1 July 2025, which provides ongoing funding to the legal assistance sector. Funding for the National Legal Assistance Partnership (NLAP) was included in the National Partnership payments line in previous budget updates.
6. Excludes payments under the NSA, Energy Bill Relief, and the NLAP, which are shown separately.
7. Includes financial assistance grants for, and payments direct to, local government and payments funded through appropriations including but not limited to section 16 of the Federal Financial Relations Act 2009*.*
8. National Health Reform Agreement funding estimates are based on the current 2020–2025 Addendum. The Commonwealth has provisioned for its expected increased contribution as part of the new Addendum.

Payments for specific purposes cover most areas of state and local government activity, including health, education, skills and workforce development, community services, affordable housing, infrastructure, and the environment, energy and water. Table C.3 shows total payments for specific purposes by sector.

Table C.3: Payments for specific purposes by sector, 2024–25 to 2027–28

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| $million | **NSW** | **VIC** | **QLD** | **WA** | **SA** | **TAS** | **ACT** | **NT** | **Total(a)** |
| **2024-25** |  |  |  |  |  |  |  |  |  |
| Health | 9,102 | 7,486 | 7,301 | 3,515 | 2,187 | 716 | 559 | 532 | 31,448 |
| Education | 9,431 | 7,967 | 6,902 | 3,352 | 2,312 | 714 | 476 | 559 | 31,741 |
| Skills and workforce |  |  |  |  |  |  |  |  |  |
| development | 796 | 647 | 532 | 288 | 186 | 60 | 55 | 37 | 2,654 |
| Community services | 39 | 30 | 32 | 14 | 11 | 5 | 3 | 89 | 232 |
| Affordable housing | 541 | 451 | 380 | 215 | 145 | 37 | 30 | 402 | 2,867 |
| Infrastructure(b) | 4,468 | 2,181 | 3,200 | 3,549 | 1,546 | 513 | 230 | 569 | 15,682 |
| Environment, energy and water | 1,405 | 870 | 853 | 363 | 344 | 145 | 80 | 64 | 4,917 |
| Contingent payments | ~ | 1 | ~ | ~ | ~ | ~ | ~ | ~ | 1 |
| Other(c) | 422 | 257 | 244 | 140 | 107 | 41 | 36 | 57 | 1,327 |
| Total payments for |  |  |  |  |  |  |  |  |  |
| specific purposes | 26,204 | 19,890 | 19,445 | 11,437 | 6,838 | 2,231 | 1,469 | 2,310 | 90,871 |
| **2025-26** |  |  |  |  |  |  |  |  |  |
| Health | 9,661 | 7,946 | 7,776 | 3,625 | 2,306 | 774 | 586 | 567 | 33,280 |
| Education | 9,686 | 8,182 | 7,073 | 3,499 | 2,379 | 751 | 502 | 570 | 32,816 |
| Skills and workforce |  |  |  |  |  |  |  |  |  |
| development | 814 | 666 | 543 | 292 | 183 | 59 | 51 | 32 | 2,665 |
| Community services | 19 | 15 | 13 | 6 | 7 | 3 | 1 | 8 | 144 |
| Affordable housing | 554 | 461 | 363 | 195 | 122 | 38 | 31 | 267 | 2,042 |
| Infrastructure(b) | 4,186 | 2,392 | 3,731 | 2,525 | 1,815 | 666 | 163 | 719 | 15,046 |
| Environment, energy and water | 683 | 337 | 360 | 139 | 106 | 92 | 30 | 15 | 2,284 |
| Contingent payments | ~ | ~ | ~ | ~ | ~ | ~ | ~ | ~ | .. |
| Other(c) | 1,296 | 970 | 859 | 529 | 305 | 140 | 102 | 118 | 4,381 |
| Total payments for |  |  |  |  |  |  |  |  |  |
| specific purposes | 26,900 | 20,968 | 20,717 | 10,810 | 7,224 | 2,523 | 1,467 | 2,295 | 92,658 |
| **2026-27** |  |  |  |  |  |  |  |  |  |
| Health | 10,167 | 8,346 | 8,210 | 3,668 | 2,419 | 775 | 616 | 579 | 34,833 |
| Education | 9,941 | 8,428 | 7,261 | 3,619 | 2,445 | 779 | 519 | 627 | 34,176 |
| Skills and workforce |  |  |  |  |  |  |  |  |  |
| development | 816 | 670 | 543 | 291 | 181 | 58 | 49 | 32 | 2,732 |
| Community services | 3 | 3 | 1 | 1 | 4 | 1 | 1 | 1 | 144 |
| Affordable housing | 567 | 472 | 372 | 199 | 125 | 39 | 32 | 276 | 2,083 |
| Infrastructure(b) | 3,026 | 3,432 | 3,877 | 1,623 | 1,709 | 581 | 155 | 541 | 14,654 |
| Environment, energy and water | 403 | 64 | 122 | 38 | 13 | 55 | 7 | 3 | 1,317 |
| Contingent payments | ~ | ~ | ~ | ~ | ~ | ~ | ~ | ~ | .. |
| Other(c) | 1,307 | 1,008 | 887 | 549 | 295 | 143 | 106 | 119 | 4,463 |
| Total payments for |  |  |  |  |  |  |  |  |  |
| specific purposes | 26,230 | 22,424 | 21,272 | 9,988 | 7,192 | 2,430 | 1,484 | 2,178 | 94,401 |

Table C.3: Payments for specific purposes by sector, 2024–25 to 2027–28 (continued)

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| $million | **NSW** | **VIC** | **QLD** | **WA** | **SA** | **TAS** | **ACT** | **NT** | **Total(a)** |
| **2027-28** |  |  |  |  |  |  |  |  |  |
| Health | 10,848 | 8,869 | 8,712 | 3,906 | 2,579 | 820 | 655 | 588 | 37,062 |
| Education | 10,300 | 8,765 | 7,500 | 3,723 | 2,524 | 803 | 539 | 696 | 35,496 |
| Skills and workforce |  |  |  |  |  |  |  |  |  |
| development | 786 | 649 | 525 | 282 | 174 | 56 | 48 | 31 | 2,723 |
| Community services | ~ | 1 | ~ | ~ | 2 | ~ | ~ | ~ | 133 |
| Affordable housing | 575 | 481 | 379 | 203 | 128 | 40 | 32 | 245 | 2,083 |
| Infrastructure(b) | 2,940 | 3,513 | 3,503 | 719 | 1,596 | 435 | 130 | 251 | 13,904 |
| Environment, energy and water | 60 | 5 | 62 | 14 | 3 | 55 | 1 | 1 | 654 |
| Contingent payments | ~ | ~ | ~ | ~ | ~ | ~ | ~ | ~ | .. |
| Other(c) | 1,339 | 1,038 | 912 | 564 | 302 | 141 | 99 | 117 | 4,563 |
| Total payments for |  |  |  |  |  |  |  |  |  |
| specific purposes | 26,850 | 23,320 | 21,594 | 9,409 | 7,307 | 2,350 | 1,503 | 1,928 | 96,618 |

1. As state allocations for several 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.
2. A slippage adjustment has been applied to Infrastructure Investment Program payments at the national level in 2024–25, 2025–26 and 2026–27 to take account of historical experiences, including the timing of states claiming payments against milestones and the complexity of delivery. State totals are unaffected by the slippage assumption. The adjustment has been unwound over 2027–28 to 2032–33. See Box C.1 for further details.
3. Includes financial assistance grants for local governments.

Table C.4 shows total payments for specific purposes by sector and category (National Health Reform funding, Better and Fairer Schools funding, the National Skills Agreement, the National Agreement on Social Housing and Homelessness, Energy Bill Relief, National Access to Justice funding and National Partnership payments).

Table C.4: Payments for specific purposes by sector and category, 2024–25 to 2027–28

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| $million | **2024-25** | **2025-26** | **2026-27** | **2027-28** |
| *Health* |  |  |  |  |
| National Health Reform funding(a) | 30,149 | 32,187 | 34,229 | 36,454 |
| National Partnership payments | 1,299 | 1,093 | 605 | 608 |
| Total health payments | 31,448 | 33,280 | 34,833 | 37,062 |
| *Education* |  |  |  |  |
| Better and Fairer Schools funding(b) | 31,060 | 32,191 | 33,534 | 34,841 |
| National Partnership payments | 682 | 625 | 642 | 655 |
| Total education payments | 31,741 | 32,816 | 34,176 | 35,496 |
| *Skills and workforce development* |  |  |  |  |
| National Skills Agreement(c) | 2,511 | 2,464 | 2,516 | 2,552 |
| National Partnership payments(d) | 144 | 201 | 216 | 171 |
| Total skills and workforce development |  |  |  |  |
| payments | 2,654 | 2,665 | 2,732 | 2,723 |
| *Community services* |  |  |  |  |
| National Partnership payments | 232 | 144 | 144 | 133 |
| *Affordable housing* |  |  |  |  |
| National Agreement on Social |  |  |  |  |
| Housing and Homelessness | 1,779 | 1,818 | 1,862 | 1,897 |
| National Partnership payments | 1,088 | 223 | 221 | 185 |
| Total affordable housing payments | 2,867 | 2,042 | 2,083 | 2,083 |
| *Infrastructure* |  |  |  |  |
| National Partnership payments(e)(i) | 15,682 | 15,046 | 14,654 | 13,904 |
| *Environment, energy and water* |  |  |  |  |
| Energy Bill Relief | 2,615 | 872 | - | - |
| National Partnership payments(e)(f) | 2,303 | 1,412 | 1,317 | 654 |
| Total environment, energy and water |  |  |  |  |
| payments | 4,917 | 2,284 | 1,317 | 654 |
| *Contingent payments* |  |  |  |  |
| National Partnership payments | 1 | .. | .. | .. |
| *Other* |  |  |  |  |
| National Access to Justice Partnership(g) | 569 | 738 | 758 | 774 |
| National Partnership payments(e)(h) | 758 | 3,643 | 3,704 | 3,789 |
| Total other payments | 1,327 | 4,381 | 4,463 | 4,563 |
| Total payments for specific purposes | 90,871 | 92,658 | 94,401 | 96,618 |

1. National Health Reform Agreement funding estimates are based on the current 2020–2025 Addendum. The Commonwealth has provisioned for its expected increased contribution as part of the new Addendum.
2. Funding includes the Interim School Funding Agreement (ISFA) for jurisdictions (NSW, VIC, QLD and SA) that have not signed the Better and Fairer Schools Agreement. ISFA expires on 31 December 2025.
3. The National Skills Agreement (NSA) commenced on 1 January 2024, replacing the National Agreement for Skills and Workforce Development.
4. Excludes payments under the NSA, which are shown separately.
5. Includes financial assistance grants for, and 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.*
6. Excludes payments under Energy Bill Relief, which are shown separately.
7. Funding for 2024–25 is provided by the National Legal Assistance Partnership (NLAP), which was included in the National Partnership payments line in previous budget updates. From 1 July 2025, the National Access to Justice Partnership provides ongoing funding to the legal assistance sector.
8. Excludes payments under NLAP, which are shown separately.
9. A slippage adjustment has been applied to Infrastructure Investment Program spending at the national level in 2024–25, 2025–26 and 2026–27 to take account of historical experiences, including the timing of states claiming payments against milestones and the complexity of delivery. The adjustment has been unwound over 2027–28 to 2032–33. See Box C.1 for further details.

Detailed tables of payments for specific purposes are provided in Annex A (available online).

|  |
| --- |
| Box C.1: Infrastructure Investment Program slippage adjustment methodology  Infrastructure expenditure slippage occurs when project milestones have not been achieved as planned, leading to a delay in expenditure compared to future years.  In the 2024–25 MYEFO, the Australian Government has implemented a slippage adjustment for the Infrastructure Investment Program (IIP) to take account of historical experience, including the timing of states claiming payments against milestones, the complexity of delivery, and market capacity constraints. Slippage is a usual occurrence for large and complex capital infrastructure programs. The adjustment is set at $1.7 billion in 2024–25, $1.4 billion in 2025–26 and $0.4 billion in 2026–27 and is unwound over 2027–28 to 2032–33.  A number of states, such as New South Wales, Queensland and South Australia make provisions for capital investment slippage at a whole‑of‑government level in their respective budget papers, without affecting the funding available for specific agencies or projects. This approach has been taken in the 2024–25 MYEFO, which means state totals and project entitlements are unaffected. The Australian Government previously applied a slippage adjustment to the IIP in the 2020–21 Budget. |

### Disaster Recovery Funding Arrangements

The Australian Government provides funding under the Disaster Recovery Funding Arrangements (DRFA) to assist the states in relief and recovery efforts following natural disasters. The Government recognises a liability equal to the present value of future payments expected to be made to the states under the DRFA. The liability is based on estimates provided by the states. It reflects known and estimated future expenditure for relief and recovery measures, for which states are yet to submit a claim to the Government. Table C.5 shows estimated DRFA cash payments and when the Government expects to reimburse the states for costs incurred in relation to past disasters. Expense estimates are presented in Table C.A.8 in Annex A (available online).

Table C.5: Estimated DRFA cash payments, 2024–25 to 2027–28

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| $million | **NSW** | **VIC** | **QLD** | **WA** | **SA** | **TAS** | **ACT** | **NT** | **Total** |
| 2024-25 | 383.7 | 368.9 | 1,284.9 | 11.7 | 52.6 | 19.3 | - | - | 2,121.0 |
| 2025-26 | 336.1 | 213.4 | 1,705.5 | 59.8 | 25.2 | 4.3 | 0.2 | 49.2 | 2,393.8 |
| 2026-27 | 5,797.6 | 204.2 | 152.2 | 501.5 | 196.1 | 1.8 | - | - | 6,853.5 |
| 2027-28 | 205.3 | 44.3 | 26.0 | 5.7 | 9.8 | - | - | - | 291.1 |
| **Total** | **6,722.6** | **830.9** | **3,168.6** | **578.6** | **283.7** | **25.5** | **0.2** | **49.2** | **11,659.3** |

## General revenue assistance

General revenue assistance is provided to states, without conditions, to spend according to their own budget priorities. In 2024–25, the states are expected to receive $96.6 billion from the Australian Government in total general revenue assistance, which is estimated to represent 12.7 per cent of total Australian Government expenditure in that year. This consists of the GST entitlement of $90.6 billion (comprising GST revenue and the Commonwealth funded GST pool boost), horizontal fiscal equalisation (HFE) transition payments of $5.3 billion (also known as the No Worse Off guarantee) and $683 million of other general revenue assistance.

Total GST-related payments to the states (GST entitlements plus HFE transition payments) are estimated to increase from $96.0 billion in 2024–25 to $110.5 billion by 2027–28.

Estimated general revenue assistance provided to the states by the Australian Government is shown in Table C.6. Detailed tables of GST and other general revenue assistance are provided in Table C.A.10 in Annex A (available online).

Table C.6: General revenue assistance, 2024–25 to 2027–28

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| $million | **2024-25** | **2025-26** | **2026-27** | **2027-28** |
| GST entitlement | 90,631 | 95,150 | 100,387 | 105,967 |
| HFE transition payments(a) | 5,328 | 5,613 | 5,678 | 4,507 |
| Other general revenue assistance |  |  |  |  |
| ACT municipal services | 45 | 46 | 47 | 48 |
| Royalty payments | 638 | 505 | 390 | 348 |
| Total other general revenue assistance | 683 | 552 | 438 | 396 |
| **Total** | **96,642** | **101,314** | **106,503** | **110,870** |

1. Estimates of the horizontal fiscal equalisation (HFE) transition payments for 2025–26 and later years are based on the 2024–25 GST relativities and adjusted to take into account the transition to the new HFE system. The 2026–27 and 2027–28 HFE transition payments are assumed to be 80 per cent and 60 per cent respectively of that implied using the 2024–25 GST relativities.

### GST payments

Under the Federal Financial Relations Act 2009, the states are entitled to receive payments from the Australian Government equivalent to the revenue raised from the GST in any given financial year, subject to some minor adjustments.

Table C.7 reconciles GST revenue and the states’ GST entitlement.

Table C.7: Reconciling GST revenue and the states’ GST entitlement

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| $million | **2024-25** | **2025-26** | **2026-27** | **2027-28** |
| GST revenue | 94,770 | 99,290 | 104,690 | 110,650 |
| *less* Change in GST receivables | 5,017 | 5,062 | 5,274 | 5,722 |
| GST receipts | 89,753 | 94,228 | 99,416 | 104,928 |
| *less* Non-GIC penalties collected | 100 | 110 | 120 | 110 |
| *less* GST collected by Commonwealth |  |  |  |  |
| agencies but not yet remitted to the ATO | 3 | -2 | -4 | -2 |
| *plus* GST pool boost | 981 | 1,030 | 1,087 | 1,147 |
| States' GST entitlement | 90,631 | 95,150 | 100,387 | 105,967 |

Table C.8 reconciles the change in the estimates of the states’ GST entitlement since the 2024–25 Budget. Since the 2024–25 Budget the GST entitlement has been revised up by $2.1 billion in 2024–25 and by $7.1 billion over the four years to 2027–28. GST receipts have been upgraded driven by stronger-than-expected GST collections, and an upgrade to the outlook for nominal consumption subject to GST and nominal private dwelling investment, partially offset by lower net travel services.

Table C.8: Reconciliation of the GST entitlement estimates since the   
2024–25 Budget

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| $million | **2024-25** | **2025-26** | **2026-27** | **2027-28** |
| GST entitlement at 2024-25 Budget | 88,534 | 93,245 | 98,826 | 104,468 |
| *Changes between 2024-25 Budget and* |  |  |  |  |
| *2024-25 MYEFO* |  |  |  |  |
| Effect of policy decisions | 2 | 28 | 63 | 75 |
| Effect of parameter and other variations | 2,095 | 1,876 | 1,498 | 1,425 |
| Total variations | 2,097 | 1,905 | 1,560 | 1,499 |
| GST entitlement at 2024-25 MYEFO | 90,631 | 95,150 | 100,387 | 105,967 |

Specific policy decisions taken since the 2024–25 Budget that affect the GST entitlement are shown in Table C.9. These decisions are estimated to increase the amount of the GST entitlement by $167.2 million over the four years to 2027–28.

Table C.9: Policy decisions since the 2024–25 Budget that affect the GST entitlement

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| $million | **2024-25** | **2025-26** | **2026-27** | **2027-28** |
| Assistance for Recent Arrivals from Conflict |  |  |  |  |
| Zones | .. | .. | .. | .. |
| Combatting Illegal Phoenixing – extending |  |  |  |  |
| and enhancing the Phoenix Compliance |  |  |  |  |
| Program | - | 12.4 | 33.1 | 35.4 |
| Strengthening Tax Compliance – boosting |  |  |  |  |
| the Shadow Economy Compliance |  |  |  |  |
| Program | 3.3 | 16.5 | 29.6 | 39.2 |
| Indirect Tax Concession Scheme – diplomatic |  |  |  |  |
| and consular concessions | -1.4 | -0.7 | -0.2 | .. |
| Total | 1.9 | 28.2 | 62.5 | 74.6 |

Detailed information on specific policy decisions taken since the 2024–25 Budget is included in MYEFO 2024–25, Appendix A: Policy decisions taken since the 2024–25 Budget.

#### Distribution of the GST among the states

The Australian Government distributes the GST among the states based on the GST revenue sharing relativities recommended by the Commonwealth Grants Commission. Table C.10 shows the calculation for the distribution of the states’ estimated GST entitlement in 2024–25. This method of calculation is prescribed in the Federal Financial Relations Act 2009.

Table C.10: Calculation of GST entitlements(a)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Estimated |  |  |  |  |
|  | 31 December |  | Adjusted | Share of | Share of |
|  | 2024 | GST | population | adjusted | GST pool |
|  | population | relativities | (1) x (2) | population | $million |
| **2024-25** | (1) | (2) |  |  |  |
| NSW | 8,556,433 | 0.86736 | 7,421,508 | 27.1% | 24,540 |
| VIC | 7,048,356 | 0.96502 | 6,801,805 | 24.8% | 22,491 |
| QLD | 5,637,082 | 0.95232 | 5,368,306 | 19.6% | 17,751 |
| WA | 2,997,921 | 0.75000 | 2,248,441 | 8.2% | 7,435 |
| SA | 1,886,570 | 1.40312 | 2,647,084 | 9.7% | 8,753 |
| TAS | 576,351 | 1.82832 | 1,053,754 | 3.8% | 3,484 |
| ACT | 476,867 | 1.20419 | 574,238 | 2.1% | 1,899 |
| NT | 255,392 | 5.06681 | 1,294,023 | 4.7% | 4,279 |
| Total | 27,434,972 | na | 27,409,158 | 100.0% | 90,631 |

1. Amounts shown are estimates of each state’s GST entitlement, based on the estimated total GST entitlement and state populations. These amounts do not account for the 2023–24 balancing adjustment made to the states’ GST advance payments in 2024–25.

The calculation of the final GST entitlement for 2023–24 is shown in Table C.11. The Assistant Minister for Competition, Charities and Treasury made a determination giving effect to this entitlement on 24 October 2024. The table also includes the distribution of the balancing adjustment, taking account of the differences between advances of GST paid to each state and each state’s final entitlement for 2023–24.

Table C.11: Calculation of the GST entitlement and balancing adjustment,   
2023–24

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  | Balancing |
|  | 31 December |  | Adjusted | Share of | Share of | GST | adjustment |
|  | 2023 | GST | population | adjusted | GST pool | advances | $million |
|  | population | relativities | (1) x (2) | population | $million | $million | (5) - (6) |
| **2023-24** | (1) | (2) | (3) | (4) | (5) | (6) | (7) |
| NSW | 8,434,754 | 0.92350 | 7,789,495 | 29.0% | 24,808 | 25,028 | -220 |
| VIC | 6,905,978 | 0.85169 | 5,881,752 | 21.9% | 18,733 | 18,900 | -168 |
| QLD | 5,528,292 | 1.03118 | 5,700,664 | 21.2% | 18,156 | 18,323 | -167 |
| WA | 2,927,888 | 0.70000 | 2,049,522 | 7.6% | 6,527 | 6,573 | -46 |
| SA | 1,866,318 | 1.39463 | 2,602,823 | 9.7% | 8,290 | 8,367 | -77 |
| TAS | 574,705 | 1.79080 | 1,029,182 | 3.8% | 3,278 | 3,307 | -29 |
| ACT | 470,232 | 1.19540 | 562,115 | 2.1% | 1,790 | 1,811 | -20 |
| NT | 253,634 | 4.98725 | 1,264,936 | 4.7% | 4,029 | 4,061 | -32 |
| Total | 26,961,801 | na | 26,880,490 | 100.0% | 85,611 | 86,370 | -760 |

#### GST administration

States compensate the Australian Government for the costs incurred by the Australian Taxation Office (ATO) for administering the GST, including by the Department of Home Affairs. In practice, this is achieved by the Australian Government reducing the monthly GST payments to the states by the GST administration costs. The GST administration budget for the ATO is estimated to be $709 million for 2024–25, as shown in Table C.12.

Table C.12: GST administration budget

|  |  |  |
| --- | --- | --- |
|  | **Actual** | **Estimates** |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| $million | **2023-24** | **2024-25** | **2025-26** | **2026-27** | **2027-28** |
| Administration budget at 2023-24 Budget | 719 | 724 | 736 | 734 | na |
| Total variations (2023-24 Budget to 2023-24 MYEFO) | -69 | -15 | -13 | -9 | na |
| Total variations (2023-24 MYEFO to 2024-25 Budget) | - | - | -1 | -1 | -6 |
| Administration budget at 2024-25 Budget (a) | 650 | 709 | 722 | 724 | 482 |
| Changes from 2024-25 Budget to MYEFO |  |  |  |  |  |
| Parameter variations | - | - | -1 | 2 | .. |
| Other variations (b) | - | - | -28 | -35 | -25 |
| Total variations | - | - | -29 | -33 | -25 |
| Administration budget at 2024-25 MYEFO | 650 | 709 | 693 | 691 | 457 |
| Prior year at Budget | 677 | 650 |  |  |  |
| Prior year outcome | 653 | 618 |  |  |  |
| equals prior year adjustment | -24 | -33 |  |  |  |
| *equals* State government payments | 626 | 676 | 693 | 691 | 457 |
|  |  |  |  |  |  |
| Administration budget at 2024-25 Budget | 650 |  |  |  |  |
| less Australian Taxation Office outcome | 618 |  |  |  |  |
| *equals* following year adjustment | -33 |  |  |  |  |

1. Decrease in estimate in 2027–28 reflects the end of the GST Compliance Program announced at the 2023–24 Budget.
2. Other variations include forecasting changes due to reducing expected overhead costs attributed to GST.