



# Fact Sheet: SACS and Indexation

## New FaC Activity requirements from 1 July 2021

### Will my organisation continue to receive the former SACS payments?

All DSS grants for frontline social services impacted by the cessation of the Social and Community Services (SACS) Pay Equity Special Account will have their funding rebased from 1 July 2021 to ensure wage costs continue to be met.

In the 2020-21 Budget, the Government announced \$132.6 million from 2021-22 to support social services impacted by the legislated cessation of the Social and Community Services Special Account.

If your organisation is receiving funding under this extension process and SACS applies to your current grant, an equivalent amount of SACS (including indexation for the previous year) will be provided as part of your new base funding in your grant commencing from 1 July 2021.

### Will my organisation be able to negotiate the base payment?

As above, if your organisation is receiving funding under this extension process and SACS applies to your current grant, an equivalent amount of SACS (including indexation for the previous year) will be provided as part of your base funding in your grant commencing from 1 July 2021. Otherwise funding for the delivery of the funded activity remains unchanged.

The department will work with providers to ensure the successful implementation of any necessary program changes, including renegotiating geographical locations and service boundaries, within the existing funding levels.

### How often is indexation applied and how is it calculated?

Indexation is paid to eligible grantees via a Notice of Change (NoC) issued by the Community Grants Hub (CGH) once per financial year. The purpose of indexation is to ensure that grant funding takes into account the changing purchasing power of funding amounts from year to year. The indexation rate is calculated yearly, based on program specific price and wage costs.

The application of indexation to a grant program, and annual indexation parameters, are a matter for decision by the Australian Government.

Indexation parameter updates may vary between grant programs. These updates may increase or decrease each year based on movements in Wage Cost Indices and Consumer Price Indices.

The department passes on indexation to grant recipients where Government has made a decision to apply indexation to the grant program.

Some grants do not attract indexation supplementation because they are fixed price services, funded for 12 months or less or project based.

An example of how indexation is applied for eligible funded activities is outlined in the table below.

**This table provides an example of how indexation may be applied for a three year grant commencing in 2021-22 (not based on actual indexation parameters)**

<i>Financial Year</i>	<i>Base Funding (in funding agreement)</i>	<i>2022-23 Indexation (1.3%)</i>	<i>2023-24 Indexation (1.3%)</i>	<i>Total received funding</i>
2021-22	\$100,000	-	-	\$100,000
2022-23	\$100,000	\$1,300	-	\$101,300
2023-24	\$100,000	\$1,300	\$1,317	\$102,617
Total	\$300,000			\$303,917

## Where can I go for more information or if I have further questions?

You should contact your Funding Arrangement Manager in the first instance to discuss any issues.