\*\* June 2019

Dear ,

I write to express my concerns about the low rate of indexation for NSW government funded community service organisations in the recent NSW Budget. This decision threatens service delivery to vulnerable people and communities, and the very future of some community organisations.

NSW Family and Community services have advised funded services that they will receive indedxation of just 1.75% for the coming year. We hope this rate is an error and can be remedied as the rate offered is only equal to a CPI rate and does not include any wage index adjustment. This indexation rate is significantly lower than in previous years, and well below the rate required to maintain service delivery at current levels.

The costs of delivering services has increased. Non wages costs have gone up, and many of these costs have increased by more than the 1.75% CPI rate noted in the NSW Budget papers. Wages have increased, with the National Wage Case decision resulting in a 3% increase for all of our workers employed under the Modern Award. This leaves a deficit of 1.25%, and community organisations will have no choice but to cut staff hours. This sadly means reduced services for vulnerable people. It also often means the loss of experienced and committed staff who need full-time employment and are not in a position to work for less hours.

This blow comes after many years of low indexation and increasing costs. The past two years have seen indexation lower than the National Wage Case Decisions, and this has placed great stress on this organisation. We have heard from many other agencies that they too are under great stress to meet the demand for their services.

It is demoralising and distressing to community services and to the clients who need our services to hear the NSW Government promoting a budget surplus projected of one billion dollars and yet community agencies are struggling to maintain basic services to vulnerable people.

We believe community services like ours are facing a significant crisis and we ask the NSW Government through the Treasury to please address this issue now. We ask that this indexation be reviewed. We are seeking an urgent payment to bring the 2019/2020 to a fair and reasonable level, and seek funding to address the gap caused by the previous two years low indexation rate.

Addressing this situation will assist the NSW Government to better deliver on its promise to “put people at the heart of everything it does”.

Yours sincerely,