Australian Government
Department of Health, Disability and Ageing

Grants Indexation Policy

What is indexation

Indexation is the process of updating future funding amounts to reflect forecast economic conditions for the year when costs are expected to occur. With grants this means adjusting funding amounts over time, usually to reflect changes in costs or inflation. Indexation arrangements are generally included in ongoing programs that extend across multiple financial years.

Why indexation matters

Rising wages, award changes, and other cost pressures are difficult to manage when funding is short term or uncertain. Recent measures have helped maintain services, however a more consistent approach to indexation is needed in the long-term.

Indexation is important to support:

- funding sustainability over time
- workforce stability and secure employment
- service continuity and reduced delivery risk

Our approach to indexation

The Department of Health, Disability and Ageing is committed to working in partnership with the community sector. It is introducing a more consistent and transparent approach to indexation to better support sustainable service delivery.

From July 2026, grant documents will clearly state whether indexation applies. Agreements executed from July 2026 will no longer include estimates of future indexation and will not need to be updated each year. Instead, indexation amounts will be advised through a simple notice (called a notice of change). We will aim to make indexation payments in the first quarter of the financial year.

KEY CHANGES

From 2026–27:

- Your Notice of Change letter will clearly show:
  - Indexation rate
  - Payment amounts.
- Timing of indexation payments will change:
  - Earlier payments will be made in September 2026 rather than at different times throughout the year.

Information in this fact sheet is correct as at 3 August 2026.