

A new approach to programs for families and children

Department of Social Services

4 December 2025

About ACOSS

The Australian Council of Social Service (ACOSS) is a national voice in support of people affected by poverty, disadvantage and inequality and the peak body for the community services and civil society sector.

ACOSS consists of a network of approximately 4000 organisations and individuals across Australia in metropolitan, regional and remote areas.

Our vision is an end to poverty in all its forms; economies that are fair, sustainable and resilient; and communities that are just, peaceful and inclusive.

Summary

ACOSS welcomes the Department of Social Services' (DSS) commitment to improve the way it commissions community services to children and families. We see the new national program as an important opportunity to set a new standard for how services are designed, delivered, funded and administered; a standard centred on active and ongoing partnership with community sector organisations from the outset of reform.

We particularly commend DSS for seeking to:

- Shift to longer-term grant agreements;
- Prioritise Aboriginal Community Controlled Organisations (ACCOs) in supporting First Nations families, children and communities;
- Design better methods for commissioning services to improve quality, foster collaboration and generate innovation;
- Actively involve people with lived experience, and local community leaders in designing services; and
- Reduce reporting and administrative burden in the new grants system.

Our submission offers several recommendations regarding the overall design and delivery of this new national program and urges DSS to continue to work closely and collaboratively with our sector in stepping out the reforms in 2026.

Recommendation 1: Grant agreements under the new national program are at least five years in duration as a minimum, rather than the Discussion Paper which states grants will be 'up to five years'.

Recommendation 2: Increases in grant duration must be accompanied with more sufficient funding, and equitable rates of indexation built into contracts to ensure the financial value of the grant is protected over time.

Recommendation 3: DSS develop a suitable partnership and transition framework to properly resource and facilitate ACCOs taking on new or additional service delivery to Aboriginal and Torres Strait Islander communities. This framework must include appropriate, additional resourcing, directly to ACCOs responsible for service delivery, to build or enhance their operational capacity over appropriate transitional periods.

Recommendation 4: DSS consult with ACCOs to consider whether an advisory mechanism with ACCOs and other relevant service providers is appropriate to inform and manage partnership and transition arrangements.

Recommendation 5: Prioritise the input and involvement of the expertise of people and communities who experience poverty, disadvantage and hardship, and who access and use community services, including the development of a detailed Human Rights approach to utilising such expertise.

Recommendation 6: Any shift to a single grant agreement must ensure that all operational costs are built into the funding for service providers in addition to delivering equitable indexation rates over the duration of the agreement.

Recommendation 7: Agreement should include regular reviews of the cost of service delivery.

Recommendation 8: Ensure that single agreements ensure that service providers are given at least six months' notice of any renewal or cessation of funding. Where this cannot be achieved, and services are ceased, a contract extension of at least 12 months is provided.

Recommendation 9: Improve transparency from DSS so when a service transfers from one provider to another, organisations are made aware in a clear and timely manner and can request ancillary funding to manage the transition of services to another provider, including referrals for people accessing services.

Recommendation 10: Improve operational flexibility for providers in new funding arrangements to innovate and deliver outcomes for children and families, including:

- (a) specifying outputs, person-centric outcomes and activities in contracts rather than inputs;
- (b) permitting organisations that deliver services more efficiently to “keep” surpluses and redirect them to service delivery rather than return them to consolidated revenue;
- (c) including contract provisions that organisations faced with serious impacts from natural disasters (including pandemics) can redirect funding to meet agreed alternative services.

Recommendation 11: DSS to outline how it will ensure reporting requirements under a single grant agreement will reduce administrative burden on service providers while also accounting for activities to be undertaken.

Recommendation 12: In developing outcomes-based reporting under the new national program, DSS should:

- (a) Develop holistic outcomes accounting for individual, community and wider service factors.
- (b) Ensure that data is safely and accurately collected for certain priority cohorts such as children and families in culturally and linguistically diverse communities, and people with disability; and made available to affected communities.
- (c) Develop an open and collaborative feedback loop with all providers, providing government analysis of data, outcomes and impacts provided via DEX back to stakeholders and affected communities.

Recommendation 13: In partnership with the sector, DSS should collaborate with the ABS to collect data on the cost of service provision including geographically specific pricing information, in order to ensure there is a sophisticated evidence base for benchmarking costs over time.

Recommendation 14: DSS should develop a detailed service needs map that holistically collects both individual and community level data including existing service gaps, drawing on integrated data assets such as PLIDA, in addition to population-based data from SEIFA, AEDC, the National Census and the like. Mapping must be conducted in partnership with relevant community sector stakeholders and affected communities to ensure priority cohorts are equitably captured.

Recommendation 15: DSS

- (a) Establish a Steering Committee to partner with them in developing a strategic approach to relational contracting.
- (b) Utilise the expertise and insight offered via the Community Services Advisory Group (CSAG) in developing relational contracting methods, clearly linking CSAG with any such Steering Committee.
- (c) Provide upfront and ongoing investment in professional development, skills and training for both government officials and

community sector organisations to effectively deliver relational contracting.

Recommendation 16: The program scope should respond to community needs, with DSS providing advice and assurances about continuity of service coverage for key groups in the context of the reforms (including children aged 5-18 years).

Recommendation 17: DSS to sufficiently identify, resource and coordinate transitional arrangements into the new national program to ensure unsuccessful providers are resourced to wind down operations and support clients as they shift to accessing services via a different organisation.

Recommendation 18: DSS detail how its proposed changes align with other reform endeavours across government, and how it will collaborate across portfolios to determine when and where reforms can be integrated or at the very least coordinated across similar programs.

Recommendation 18: DSS adhere to the Community Sector Grant Engagement Framework and Ways of Working Statement, and work in genuine partnership with the community sector to fully develop, plan and implement the proposed changes to programs for families and children.

1. Introduction

ACOSS appreciates the opportunity to provide a submission on the Department of Social Services' (DSS) proposed changes to programs supporting children and families (the Consultation).

We warmly welcome DSS' commitment to design and deliver more streamlined, efficient and impactful services to better help people in need. The Discussion Paper outlines a suite of reforms for which ACOSS has long been advocating, including:

- Shifting to longer-term grant agreements;
- Prioritising Aboriginal Community Controlled Organisations in supporting First Nations families, children and communities;
- Designing better methods for commissioning services to improve quality, foster collaboration and generate innovation;
- Actively involving people with lived experience, and local community leaders in designing services; and
- Reducing reporting and administrative burden in the new grant system.

We commend DSS for seeking to incorporate these changes in the new national program and demonstrating its commitment to collaborate more effectively with our sector. We also welcome the government adoption of Initiatives recommended in the NFP Sector Development Blueprint (the NFP Blueprint).

Our understanding is that DSS intends the new national program to take effect from 1 February 2027.

It is critical that the changes are designed, planned and implemented carefully to minimise disruption to people accessing services and improve outcomes. This requires government providing appropriate timeframes, and suitable mechanisms, to engage the sector throughout the reform process.

Our submission will largely focus on designing the new national program, and how DSS should partner with our sector in developing and implementing reform. In the time permitted, ACOSS has consulted our national members to better understand their perspectives and insights on the proposed changes.

Below we set out responses and recommendations to the Discussion Paper.

2. Providing longer-term grants

The Discussion Paper states that DSS 'want to make it easier for providers to respond to the needs of their local communities. Longer-term funding agreements of up to five years will give organisations the stability to focus on delivering high-quality services and achieve more ambitious goals'.

ACOSS supports the new national program offering longer-term grant agreements. Lengthening and strengthening agreements is one of the most practical and cost-efficient improvements government can make in partnership with the sector. The new national program is a valuable opportunity to set a better and higher standard on grant duration. According to DSS, the average duration of community sector grants declined last parliamentary term from 2.32

years in 2022-23, to 2.02 years in 2023-24. Just over one in four grants (27 per cent) were of at least five years duration as at November 2024.¹

We advise DSS to ensure all grants awarded under the new national program to community service organisations are at least five years. Ultimately, ACOSS seeks Commonwealth grants to providers of seven years in duration, and 10 years for service delivery in remote Aboriginal and Torres Strait Islander communities. The new national program is a significant, positive step in this direction.

Crucially, increases in grant duration must be accompanied with more sufficient funding, and equitable rates of indexation built into contracts to ensure the financial value of the grant is protected over time. One of the largest risks to service providers with longer-term grant agreements is that such agreements embed inadequate financing, in turn greatly limiting the resourcing able to be allocated to both frontline essential services and a fairly remunerated and secure workforce.

Further information on related matters to funding are examined further in this submission.

Recommendation 1: Grant agreements under the new national program are at least five years in duration as a minimum, noting the Discussion Paper states grants will be 'up to five years'.

Recommendation 2: Increases in grant duration must be accompanied with more sufficient funding, and equitable rates of indexation built into contracts to ensure the financial value of the grant is protected over time.

3. Prioritising the role of Aboriginal Community-Controlled Organisations (ACCOs)

The Discussion Paper states that 'Under the proposed program, funding will prioritise ACCO-led service delivery in communities with significant First Nations populations.... Non-Indigenous organisations can still work in partnership or sub-contract with ACCOs. However, in areas with significant First Nations populations, it is preferred that ACCOs lead service delivery where possible'.

ACOSS strongly supports the new national program prioritising the role of ACCOs in relevant service delivery as an important way to pursue Priority Reform 2 of the Closing the Gap National Agreement. The intent of the proposed changes articulated in the Discussion Paper also aligns with Initiative 8 of the NFP Blueprint which offers recommendations to actively support Aboriginal and Torres Strait Islander self-determination and community control. We acknowledge and welcome that changes articulated in the Discussion will result in ACCOs being responsible for more service delivery to their communities. As

¹ DSS analysis responding to Question on Notice during Budget Supplementary Estimates, November 2024, and circulated to Community Services Advisory Group (CSAG) as an Agenda Paper for the October 2025 meeting.

the national peak for community services, ACOSS is committed to supporting First Nations self-determination and community control and collaborating with our national members to deliver this as much as possible.

It is critical that DSS partner with ACCOs and other relevant service providers to develop a suitable partnership and transition framework, ensuring that ACCOs are properly supported by both government and sector to take responsibility for service delivery according to a clear set of guiding principles. Such a framework must also include appropriate, additional resourcing, directly to ACCOs responsible for service delivery, to build or enhance their operational capacity over appropriate transitional periods.

ACOSS advises DSS to consult with ACCOs to consider whether any advisory mechanism is appropriate to guide the above work, partnering with ACCOs and other relevant service providers.

Recommendation 3: DSS develop a suitable partnership and transition framework to properly resourcing and facilitate ACCOs taking on new or additional service delivery to Aboriginal and Torres Strait Islander communities. This framework must include appropriate, additional resourcing, directly to ACCOs responsible for service delivery, to build or enhance their operational capacity over appropriate transitional periods.

Recommendation 4: DSS consult with ACCOs to consider whether an advisory mechanism with ACCOs and other relevant service providers is necessary to inform and manage partnership and transition arrangements.

4. Centring people with lived experience expertise

The Discussion Paper notes that 'When applying, providers should show how they've considered their community's unique context. This could include...local governance that involves community leaders or people with lived experience'.

ACOSS is strongly supportive of ensuring that people with lived experience and expertise are at the centre of designing, delivering and evaluating the new national program. Pillar 1 of the Community Sector Grant Engagement Framework commits the government to 'working with the sector and people with lived experience to design programs and services (within probity constraints) to ensure they meet the needs of communities, improve outcomes and develop a shared understanding of expectations.'

To ensure people with lived experience expertise are appropriately centred in the new national program, DSS, in collaboration with the sector, should develop a detailed Human Rights Approach to integrating lived experience expertise. Many organisations have developed or are developing organisational frameworks to include people with lived experience in decisions which affect them. One such example is the Lived Experience Framework developed by the New South Wales Council of Social Service, which takes a rights-based approach to this issue with

necessary practices, processes and supports.² The Department must work with the sector to construct a suitable framework, with necessary resources, at the Federal level. Commissioning should reward and fund providers that embed the participation of people with lived experience in decision-making.

In developing such an approach, DSS must also be mindful of the power imbalances existing between government and people accessing government and community services. The Report of the Royal Commission into the Robodebt Scheme recommended Services Australia design policies and processes with an emphasis on the people they are meant to serve. DSS should be mindful of this recommendation and apply it to the new national program.³

Recommendation 5: Prioritise the input and involvement of the expertise of people and communities who experience poverty, disadvantage and hardship, and who access and use community services, including the development of a detailed Human Rights approach to utilising such expertise.

5. Shifting to single agreements

The Discussion Paper states, 'When applying, providers will nominate the stream that best fits their services. If successful, they will receive one grant agreement under the new program – even if they deliver services across multiple streams'.

ACOSS supports this proposed change and encourages DSS to progress other important improvements to the way DSS administers its grants in parallel. These are explored further below.

a. Fully cover operational costs in the agreement

Firstly, it is important that as DSS moves providers to a single grant agreement, that all relevant operational costs are built into the funding for providers, including the following items:

- Management and administration;
- IT, including paid software subscriptions and cybersecurity;
- Finance, including risk frameworks and auditing;
- The costs of meeting regulatory compliance frameworks;
- Human resources, including the management and coordination of professional staff as well as volunteers;
- Attraction and retention of staff at the appropriate level under the Social, Community, Home Care and Disability Services Award;
- Participation in government consultations and engagement;
- Participation of affected communities and people with lived experience in program design, delivery and evaluation.
- Training, learning and performance development; and
- Program measurement and evaluation.

² New South Wales Council of Social Service, [NCOSS Lived Experience Framework: Principles and practices for Lived Experience partnerships](#), November 2021.

³ Royal Commission into the Robodebt Scheme, [Report, Recommendation 10.1](#).

This is consistent with Initiative 4b of the NFP Blueprint – progress and monitor government actions to deliver full cost funding as sought by the NFP Sector. Grants not including the full range of operational costs remains one of the most significant barriers faced by the sector in being able to provide high quality and accessible services to children and families needing help.

In the most recent Australian Community Sector Survey (undertaken in 2022), 80 per cent of organisational leaders disagreed with the statement, 'Funding covers the full costs of service delivery'.⁴ The proportion reporting that funding did cover full costs was just 9 per cent, representing only one in eleven respondents.

The Federal Government's updated indexation arrangements for grants aims to deliver an additional \$4 billion over 4 years from 2023-24 onwards, and better ensures that the financial value of a grant does not deteriorate year on year. Similarly, the supplementary funding for community sector organisations was a vital funding measure to accommodate high inflation and wage increases in the sector, but is now due to expire at the end of this financial year with no replacement funding announced.

To an extent, the above measures dealt with increasing annual costs experienced by providers, but not underlining baseline funding levels, which have only grown more insufficient over the past ten years. Under the previous Federal Government, core operational funding was either cut sharply, or substantively eroded over time.

Improvements to indexation rates alone will not cover all major cost increases. For example, the average indexation rate for a DSS grant in 2024-25 was 3.2 per cent⁵ whereas the increase to the national minimum wage was 3.75 per cent from 1 July 2024. Certain operational costs are increasing exponentially and far outstrip the government's indexation adjustments. A recent study of case study organisations under the umbrella of Catholic Social Services Australia examined major cost and workforce pressures.⁶ In one case study, IT and cyber security costs increased 376 per cent, and workers' compensation insurance expenses grew 147 per cent between 2022 to 2024. In another case study, redundancy provisions increased 578 per cent in 2023-24. A third such case study saw overall costs increase 20 per cent between 2021-22 and 2023-24.

The Community Sector Grant Engagement Framework, specifically Pillar 2 'Greater certainty and sufficiency of funding', commits the APS to, amongst other items, 'consideration of indexation, longer-term grant agreements [and] cost of delivering quality services'.⁷

⁴ Cortis, N. and Blaxland, M, [At the Precipice: Australia's Community Sector through the Cost-of-living Crisis](#), 2023, ACOSS.

⁵ 2024-25 Supplementary budget estimates, Community Affairs Committee, Social Services Portfolio, Portfolio question number: DSS SQ24-001045, Question on notice no. 304, Attachment A.

⁶ Gilchrist, D. & Perks, B., [Real Costs, Real Impacts: A Path to Social Services Sustainability](#), for Catholic Social Services Australia, p 20.

⁷ Department of Social Services, [Community Sector Grants Engagement Framework](#) p 10.

The proposed new national program is a vital opportunity for the government to remedy the inherited legacy of chronic under-investment in baseline funding for community services.

Finally, agreements must include a responsibility to monitor and review rising costs throughout the life of the agreement and address accordingly. There is a risk that longer agreements embed inadequate rates of funding, and/or indexation, resulting in providers being financially worse off over the life of the agreement. Incorporating such review points helps ensure quality service standards over the longer-term as well.

Recommendation 6: Any shift to a single grant agreement must ensure that all operational costs are built into the contracts and funding for service providers in addition to delivering equitable indexation rates over the duration of the agreement.

Recommendation 7: Agreement should include regular reviews of the cost of service delivery.

b. Improve notifications under grant agreements

Shifting to a single grant agreement must be accompanied with improved contractual conditions and practices.

Managing contracts is particularly challenging when government funders offer minimal notice of the renewal, granting or cessation of a contract as this impedes the functioning, productivity and effectiveness of their organisations for the long term. It means providers are continuously operating in an uncertain environment where they do not fully know their future.

The proposed new national program should adhere to higher and more transparent standards in notifying providers on contractual decisions, consistent with obligations under Section 2.4 of the Community Sector Grant Engagement Framework. This includes notification arrangements when allocating funding for the first time, renewing an agreement, or concluding an agreement with a provider and requiring the transfer of services to another organisation.

Recommendation 8: Ensure that single agreements ensure that service providers are given at least six months' notice of any renewal or cessation of funding. Where this cannot be achieved, and services are ceased, a contract extension of at least 12 months is provided.

Recommendation 9: Improve transparency from DSS so when a service transfers from one provider to another, organisations are made aware in a clear and timely manner and can request ancillary funding to manage the transition of services to another provider, including referrals for people accessing services.

c. Embed flexibility and innovation in pursuing outcomes

The Discussion Paper proposes that all providers in the new national program will report outcomes under their respective agreements. ACOSS is broadly supportive of this change.

It is important that DSS develop outcomes for reporting purposes in partnership with the sector and with people who access services. This is consistent with the Community Sector Grant Engagement Framework and the Ways of Working Statement and will help ensure the right set of outcomes are identified that suitably capture the wellbeing of families, children and communities.

Further, ACOSS recommends that DSS accompany outcomes reporting with improving the level of operational flexibility providers have to innovate in achieving agreed outcomes. Such flexibility should apply to providers entering either a standard grant agreement with DSS, or one based on relational contracting arrangements and principles.

The Family Relationships Services Program, funded by Attorney-General's Department, is an instructive example. The FRSP comprises two sub-programs: Family Law Services and Family Law Pathways Networks. In turn, Family Law Services are comprised of seven discrete services. Service providers who are contracted to deliver two or more of these seven services receive a single grant agreement. However, this does not provide increased flexibility because funding cannot be flexibly transferred between activities.

Learning from this example, any single agreement under the new national program should provide organisations with more autonomy in determining how funding is allocated within a service or program. In particular, providers should be able to build working capital reserves to re-invest at suitable intervals into their organisation and its services over the life of the agreement. This includes where a provider offers multiple services under a single agreement, as contemplated in the Discussion Paper. Improved control over how funding is spent will allow organisations to better respond to changed circumstances of people accessing services.

Such flexibility should also encourage providers to innovate in improving service quality and ensure the life and wellbeing of people using services is substantially improved for the longer term. Contracts still tend to be overly prescriptive and focused on inputs, even the roles of specific staff within an organisation. Encouraging greater innovation is vital if organisations are to be as efficient and productive as possible. Organisations should be empowered to trial, test and adjust their approach to service delivery, within reasonable limits, without running the risk of being in breach of specific contractual requirements.

Within a more flexible contractual framework, it is vital that neither DSS nor the government more broadly repeat the failures of previous outcomes-based models such as the *Job Network* model in employment services.⁸ While ACOSS strongly supports improved flexibility in contracting, it is important to develop suitable incentives in service systems, to prevent any provider gaming the system, pursuing short term financial gains over the interests of people using services to build a better life. Determining the right incentives and intended outcomes requires government working in partnership with the sector as well as

⁸ ACOSS, [Reform of employment services and mutual obligations: House of Representatives Select Committee on Workforce Australia](#), 13 March 2023.

people accessing and using services, and affected communities, as articulated earlier.

Improved flexibility to innovate can also be linked to evaluations or reviews of service delivery at key milestones in the span of a contract. This is an important aspect of organisations providing services on behalf of government. Evaluations embedded within contracts can strengthen service delivery over time, so long as they are not unnecessarily burdensome or disruptive to service providers or people accessing services.

Recommendation 10: Improve operational flexibility for providers in new funding arrangements to innovate and deliver outcomes for children and families, including:

- (a) specifying outputs, person-centric outcomes and activities in contracts rather than inputs;
- (b) permitting organisations that deliver services more efficiently to “keep” surpluses and redirect them to service delivery rather than return them to consolidated revenue;
- (c) including contract provisions that organisations faced with serious impacts from natural disasters (including pandemics) can redirect funding to meet agreed alternative services.

d. Reduce reporting burden as part of single agreements

The Discussion Paper notes that ‘the new program aims to make reporting simpler and less time-consuming – especially for smaller grants. The goal is to reduce unnecessary paperwork and make milestone requirements easier to manage’.

ACOSS is supportive of DSS’ intent to reduce reporting obligations and administration. We would welcome further information on how this is to be achieved under the new national program. As frequently noted, the community sector is constantly over-stretched in seeking to support as many people in need as possible. Endeavours to support service providers to better focus on service delivery are welcomed.

The FRSP is again a useful comparative example. As mentioned earlier, service providers contracted to deliver two or more of these seven services receive a single grant agreement. However, this does not provide reduced reporting because each service provided under the grant agreement must develop and report on an Activity Work Plan.

We note that unless DSS actively identify reporting burdens that can be removed or streamlined under a single agreement, there is a risk that current reporting obligations across multiple existing programs simply shift into an agreement under the new national program, in turn resulting in limited gains in efficiency.

Recommendation 11: DSS to outline how it will ensure reporting requirements under a single grant agreement will reduce administrative burden on service providers while also accounting for activities to be undertaken.

e. Enhance data collection for outcomes reporting

The Discussion Paper states that providers will report outcomes through DEX, and that the national program will collect qualitative data and other information to measure the real impact of services for children and families.

ACOSS supports more consistent and integrated data collection and outcomes reporting under the new national program, so long as such requirements are designed from the outset in partnership with community sector stakeholders, and DSS tap into the sector's expertise, and deep community connections, in measuring impact over time.

For instance in measuring progress, outcomes for the new national program must not only look at outcomes for individual children or families. Outcomes must be more holistic for people accessing services, including:

- Connection to and participation in local community;
- Involvement in workforce and training activities; and
- Assessing the effectiveness of programs, and also government service systems more widely.

DSS will need to partner with the sector to ensure safe and accurate data classification, collection and analysis for certain priority cohorts, such as children and families in culturally and linguistically diverse communities, and people with disability. It is important to develop suitable protocols and parameters from the outset to minimise any future evidence gaps or inaccuracies that may in turn hamper effective service delivery.

As part of the proposed changes, DSS must develop an open and collaborative feedback loop with all providers, providing government analysis of data, outcomes and impacts provided via DEX back to stakeholders. Our national members continue to report they experience a range of barriers in actually being able to access and use data provided into DEX. This is important to ensure service improvement over time. See also our response in relation to assessing community need for services later in this submission.

As part of assessing outcomes and the impact of service delivery over time, DSS should also start collecting data on the cost of delivering services, including geographically specific pricing information (for example distinguishing between metropolitan, regional and remote areas). This recommendation is consistent with Initiative 4c of the NFP Blueprint – establish arms-length and representative cost data collection processes to inform indexation, full cost calculation models and contracting needs, and delete the creation of a Producer Price Index to the Australian Bureau of Statistics (ABS).

More accurate tracking of operational costs is well overdue. The new national program is an ideal opportunity to develop this evidence base, given the sophisticated data sets already available via the ABS, DSS' commitment to improved collaboration with the sector and its intent to strengthen data collection and analysis in the new national program.

Currently, the ABS collects data on the 'health care and social assistance industry' which includes a very broad and diverse range of services with different

cost drivers. In partnership with the sector, DSS should collaborate with the ABS to develop a separate, sophisticated dataset on social services and social assistance, to give a more accurate evidence base for sector-specific costs. Having high quality and representative data to identify costs, and changes over time, would provide confidence that funding models in the new national program are sufficient, reasonable and well-fitted to the suite of services offered in different communities across the country.

Recommendation 12: In developing outcomes-based reporting under the new national program, DSS should:

- (a) Develop holistic outcomes accounting for individual, community and wider service factors.
- (b) Ensure that data is safely and accurately collected for certain priority cohorts such as children and families in culturally and linguistically diverse communities, and people with disability; and made available to affected communities.
- (c) Develop an open and collaborative feedback loop with all providers, providing government analysis of data, outcomes and impacts provided via DEX back to stakeholders.

Recommendation 13: In partnership with the sector, DSS should collaborate with the ABS to collect data on the cost of service provision including geographically specific pricing information, in order to ensure there is a sophisticated evidence base for benchmarking costs over time.

6. Assessing community need for services

The Discussion Paper states that grant applications will be assessed based on community need, and that such need will in turn be identified using population-based data from SEIFA, AEDC and the National Census respectively.

ACOSS has continuously called for the Federal Departments to develop a better understanding of how the need for community services continues to change, and how to best meet these evolving needs. Such an evidence base would greatly assist the government to scale up its investment in areas where the need for assistance is more acute both in terms of population cohorts, complexity of need and geography.

If DSS largely relies on the aforementioned datasets, it will not be able to create a detailed and accurate picture of service needs, and there is a material risk that the needs of priority cohorts will not be equitably captured, such as the needs of culturally and linguistically diverse communities, children and families, as well as children and families with disability. This in turn will hamper the impact of the new national program, its measurement of what works, and ultimately its intended outcomes for children and families.

A more detailed evidence base is necessary because, as our engagement with national members and our recent research demonstrates, peoples' need for community services has both increased significantly and grown more complex over the past five years. This increased complexity is particularly presenting to services with a focus on housing and homelessness, domestic and family

violence, mental health, as well as legal and financial counselling.⁹ In the most recent Australian Community Sector Survey undertaken in 2022:¹⁰

- three in five participants reported increased levels of poverty and disadvantage (61 per cent) among clients and communities;
- two-thirds of participants (66 per cent) reported that levels of demand for their main service had risen in 2022; and
- nearly two-thirds (64 per cent) reported increasingly complex needs among the people and communities their services support.

ACOSS recommends DSS develop a more sophisticated evidence base that not only uses SEIFA, AEDC, census and the like, but also captures socio-economic demographics, intersectional profiles and specific service needs across different cohorts. For instance, the ABS offers a wealth of integrated data sets via the Person Level Integrated Data Asset (PLIDA), and DSS is already a contributing partner. ACOSS advises DSS to collaborate with the ABS and determine how it can best utilise PLIDA, and other relevant integrated data assets, to develop a more detailed needs map.

Additionally, needs mapping should identify the full suite of services available in respective communities, including those funded by different departments and state and territory governments, and identify existing service gaps. This will greatly assist in targeting investment priorities and encouraging better coordination across existing programs.

Finally, we firmly believe that it is the responsibility of DSS, as the commissioning agency, to be responsible for data collation, analysis and dissemination to relevant stakeholders, working closely with service providers.

Recommendation 14: DSS should develop a detailed service needs map for that holistically collects both individual and community level data including existing service gaps, drawing on integrated data assets such as PLIDA, in addition to population-based data from SEIFA, AEDC, the National Census and the like. Mapping must be conducted in partnership with relevant community sector stakeholders to ensure priority cohorts are equitably captured.

7. Relational contracting arrangements

The Discussion Paper states that 'The department will offer relational contracting in the new national program...Any provider can express interest in a relational contract at application'.

ACOSS welcomes DSS seeking to improve its commissioning methods. We have regularly advocated for the Federal Government to consider alternatives to failed market-based regulatory frameworks for the delivery of complex human services

⁹ Cortis, N. and Blaxland, M, [Helping people in need during a cost-of-living crisis: findings from the Australian Community Sector Survey](#), 2022, ACOSS.

¹⁰ Cortis, N. and Blaxland, M, [Helping people in need during a cost-of-living crisis: findings from the Australian Community Sector Survey](#), 2022, ACOSS.

to people in need. As the main funder and regulator of services, there is a role for government in improving the operating environment for community services, to reward values-based, community connected services, and commitment to quality of services by facilitating better innovation, research and leading practice exchange between providers within a service system.¹¹

As a form of commissioning, ACOSS understands that the central tenets of relational contracting are as follows:¹²

- It requires all parties to enter into a formal legal agreement.
- Parties develop shared goals, values and implementation methods, as part of the governance framework.
- Agreement includes a set of shared guiding principles for all parties to utilise when an uncontracted event occurs during the agreement.
- Agreement involves an explicit commitment to open communication and data sharing between all parties, including service information and best practice methods.
- Agreement contains a robust governance structure to assist in conflict or dispute resolution.
- Agreement includes more flexible pricing models to ensure fairness over time for all parties.

Based on the above understanding, ACOSS is very supportive of DSS incorporating relational contracting into the new national program. The proposed changes are a promising opportunity to strengthen an integrated set of services to be more collaborative, innovative, flexible and impactful. The new national program has the potential to be a leading practice model for emulation in other Departmental programs, and more widely across the Federal Government.

Implementing relational contracting requires a fundamental redesign of how government collaborates with the sector in funding and providing services to people in need. It requires new government frameworks and approaches, different legal agreements as well as additional capabilities and major cultural changes for both government and sector.

As such, it will require ongoing and active partnership with the sector, from the conceptual and design stage through to implementation and evaluation. As a necessary next step, we recommend DSS develop a Steering Committee, drawn from relevant officials, sector stakeholders, community leaders and experts, to partner in designing the relational contracting model to be deployed in the new national program. People with lived experience expertise must also be equitably included in such a committee.

A Steering Committee can determine where relational contracting could be most appropriately applied. The Discussion Paper invites applicants to express their

¹¹ Considine, Mark, *The Careless State: Reforming Australia's Social Services*, Melbourne University Press, 2022, pages 206-7.

¹² Considine, M. & Bonyhady, B. '[Collaborative Commissioning & Formal Relational Contracting – What's the difference and what are the likely benefits?](#)', University of Melbourne, September 2025.

interest in relational contracting, but such arrangements cannot be based on expressions of interest alone. A Steering Committee can create a more coordinated and strategic approach ensuring suitable services, cohorts and locations are identified for relational contracting arrangements.

It would have responsibility for issues such as:

- Developing the governance frameworks for relational contracting in the new national program;
- Identifying suitable service areas, service types, people to benefit, and/or locations to deploy relational contracting;
- Embedding the sharing of innovative and best practice methods into the relational contract system;
- Determining transitional arrangements as providers enter the new relational contracting system; and
- Establishing a flexible pricing and funding model for use over time.

Additionally, DSS should utilise the perspectives and insights offered via the Community Services Advisory Group (CSAG) in developing relational contracting methods. CSAG members offer valuable expertise in how Commonwealth grants impact community organisations in service delivery, as well as institutional memory of various reform initiatives pursued by the Federal Government over the previous ten years. CSAG is also instrumental in the development and implementation of the Community Sector Grant Engagement Framework.

It is important to note that implementing relational contracting arrangements will require additional upfront investment by DSS in professional development, skills and training for both government officials and community sector organisations. For instance, professional development will be necessary for different parties to understand their roles and responsibilities under the formal legal agreements to relational contracting, and how this affects organisational risk, governance and related operations. Relational contracting cannot simply be added to DSS' portfolio of grants without the necessary skills and capability improvements.

Finally, relational contracts provide an appropriate framework for DSS to consider longer term funding arrangements – beyond 5 years – for trusted, high performing providers with a strong track record of community connection and collaboration. There should be scope for these contracts to be extended or rolled over beyond the 5 years as appropriate if outcomes are being achieved and continuity is in the interests of the community.

Recommendation 15: DSS

- (a) Establish a Steering Committee to partner with them in developing a strategic approach to relational contracting.
- (b) Utilise the expertise and insight offered via the Community Services Advisory Group (CSAG) in developing relational contracting methods, clearly linking CSAG with any such Steering Committee.
- (c) Provide upfront and ongoing investment in professional development, skills and training for both government officials and community sector organisations to effectively deliver relational contracting.

8. Investment priorities in the new activity streams

The Discussion Paper states that the government's investment priorities include investing early to improve family wellbeing, breaking cycles of disadvantage, and reducing the need for later interventions, like child protection.

The program scope should respond to the needs of the community for prevention, early intervention and crisis response services for families and children, informed by the needs mapping discussed above. DSS should clarify how changes to the program scope will affect specific groups and explain how the needs of those groups will continue to be met under new arrangements. Specifically, assurances are sought related to the needs of children of school age (noting the discussion paper is focused on 0-5 year olds) and access to universal family and children's community programs.

Recommendation 16: The program scope should respond to community needs, with DSS providing advice and assurances about continuity of service coverage for key groups in the context of the reforms (including children aged 5-18 years).

9. Transitioning to the new national program

DSS has indicated that it will extend all current grants under the five programs for seven months, to 31 January 2027. In the meantime, the new grant guidelines, and the competitive grant round, will commence in early 2026.

It is critical that children and families accessing services under the existing five programs are not unduly disrupted or disadvantaged while service providers shift to the new arrangements. A dedicated period is required where organisations currently providing services, that are not successful under the new program, can methodically transition out of service, and ensure children and families can transfer to a different provider.

Given that, we advise DSS to sufficiently identify, resource and coordinate transitional arrangements into the new national program. This not only includes adequate notification periods of grant outcomes (as outlined earlier in this submission) but ensuring unsuccessful providers are resourced to wind down operations and support clients as they shift to accessing services via a different organisation. We note that members raised concern with ACOSS that the existing programs will now conclude on 31 January 2027, which is part-way through the financial year, and during an incredibly busy service period of the

year. DSS could resource unsuccessful providers until the end of the financial year (30 June 2027) to help ensure an orderly transition process.

Recommendation 17: DSS to sufficiently identify, resource and coordinate transitional arrangements into the new national program to ensure unsuccessful providers are resourced to wind down operations and support clients as they shift to accessing services via a different organisation.

10. Links to relevant government initiatives

ACOSS notes that the government is undertaking or considering reforms in related service areas, in different portfolios, likely having a direct impact on the same cohort of children and families. Most notably this includes at this stage the Thriving Kids program, due to be rolled out in phases by the Department of Health, Disability and Ageing from 1 July 2026.

We also note that the Attorney-General's Department is considering the recommendations detailed in the Review of the Family Relationships Services Program.

DSS has not outlined how, if at all, the proposed changes would align with similar reform efforts across government. As such, there is a risk that throughout 2026, community service organisations are preparing for different and multiple forms of change, administered by different departments, affecting the same or similar groups of people accessing services. This would place an enormous and unnecessary impost on such organisations.

Recommendation 18: DSS detail how its proposed changes align with other reform endeavours across government, and how it will collaborate across portfolios to determine when and where reforms can be integrated or at the very least coordinated across similar programs.

11. Consultation process and timeframes

ACOSS members have expressed concern that the timeframe given to organisations to consider the breadth and scale of the changes proposed in the Discussion Paper, consult with members and affected communities, and then respond, is unrealistically short. Specific concerns have also been expressed about the inadequacy of timeframes for consultation with remote communities, concerning given that the role of Aboriginal Community Controlled Organisations is so crucial in the proposed changes. The government is committed to improving the diversity of organisations providing services, but small and medium sized organisations will have found it much harder to respond in time to this process given their extremely limited resources and capacity.

ACOSS also notes that DSS had, from the outset, ruled out any extensions in providing submissions. In addition, the Discussion Paper provides only high-level information on the proposed changes, and raises as many questions as it answers. As a result, ACOSS members are relatively anxious about the potential impact on their organisations and workforce from the proposed changes, uncertain about DSS' plan for how these changes will be delivered, and

concerned about the risk of unintended consequences for people accessing services in pursuing major reform in a tight timeframe.

To ensure that the new national program stands every chance at success, it is critical that DSS tap into the deep institutional memory of our sector, and design and deliver changes in genuine partnership with us, learning from previous reform cycles such as *The New Way of Working for Grants* reform process in 2014 - described at the time as 'a new, broad banded discretionary grant programme structure' that would 'strengthen our capacity to deliver grant programmes, services and support to individuals and families'.¹³ In 2015, the Senate Standing Committee on Community Affairs held an inquiry into this particular reform because of the inadequacy of the entire process – the 'Impact on service quality, efficiency and sustainability of recent Commonwealth community service tendering processes by the Department of Social Services'.¹⁴ During the Inquiry, the sector expressed the following key concerns:¹⁵

- lack of consultation with the sector;
- lack of planning and analysis;
- timing and timeframes of the process;
- emergence of service gaps;
- sector diversity, including the loss of smaller organisations;
- transparency and equity of the decision making process;
- impact on service users and providers;
- the availability of advocacy support; and
- funding for peak organisations.

Each step in this reform journey should be consistent with Initiative 5 of the NFP Blueprint – embed co-governance, co-design and shared decision-making practices in policy development, and in government-led program design and performance evaluation.

The government's own Community Sector Grant Engagement Framework (the Framework) and its Ways of Working Statement (WWS) commit it to working collaboratively and transparently with our sector, including the following aspects respectively:

¹³ Senate Standing Committee on Community Affairs, [Impact on Service Quality, Efficiency and Sustainability of Recent Commonwealth Service Tendering Processes by the Department of Social Services, Final Report](#), September 2015, Chapter 1.

¹⁴ Senate Standing Committee on Community Affairs, [Impact on Service Quality, Efficiency and Sustainability of Recent Commonwealth Service Tendering Processes by the Department of Social Services, Final Report](#), September 2015.

¹⁵ Senate Standing Committee on Community Affairs, [Impact on Service Quality, Efficiency and Sustainability of Recent Commonwealth Service Tendering Processes by the Department of Social Services, Final Report](#), September 2015, Chapter 2.

- Deliver high quality policy and programs for communities, by building and maintaining engagement opportunities between the government and the sector;¹⁶
- Build trusted, professional and respectful relationships with the sector and communities, valuing the unique perspectives and expertise each stakeholder can contribute;¹⁷ and
- Plan and undertake engagement activities to identify the needs and views of individuals, families and communities including through co-design and shared decision-making processes, where appropriate, and avoiding duplication of consultation, where possible.¹⁸

It is important that the WWS is realised in full.

Recommendation 19: DSS adhere to the Community Sector Grant Engagement Framework and Ways of Working Statement, and work in genuine partnership with the community sector to fully develop, plan and implement the proposed changes to programs for families and children.

¹⁶ Department of Social Services, [Community Sector Grants Engagement Framework](#) p 9, Pillar 1.

¹⁷ Department of Social Services, [Ways of Working Statement](#), p 3.

¹⁸ Department of Social Services, [Ways of Working Statement](#), p 3.