

CONSULTATION SUBMISSION

Department of Social Services Relational Contracting documents

PLACE contributions to DSS consultation questions.

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About PLACE

Partnerships for Local Action and Community Empowerment (PLACE) is a national organisation that champions and supports community-led approaches to social and economic challenges.

We are a support system – a hub for shared learning, partnership and policy innovation. Our work is underpinned by a belief that communities know best what matters to them, and that long-term change starts with shared decision-making and strong local leadership.

We exist because top-down, one-size-fits-all approaches have consistently failed to meet the needs of diverse communities. Despite decades of effort, persistent disadvantage remains entrenched in many parts of Australia. Meanwhile, communities across the country are leading place-based initiatives that demonstrate different approaches built on genuine partnership and local ownership.

What's missing is the infrastructure to connect this work, elevate it in policy discussions, and remove the structural barriers that constrain it.

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Acknowledgment of Country

PLACE acknowledges Traditional Owners of Country throughout Australia and recognises their continuing connection to lands, skies, waters and communities. We pay our deepest respects to Elders past and present and extend that respect to all Aboriginal and Torres Strait Islander peoples.

We acknowledge that systemic inequities continue to impact First Nations communities disproportionately, and that these are the result of colonisation, dispossession and historical injustice that persist in current systems.

The work of PLACE is grounded in a belief that those closest to the challenges must be central to the solutions. In this, we recognise that Aboriginal and Torres Strait Islander peoples have long practised community-led, place-based governance and decision-making.

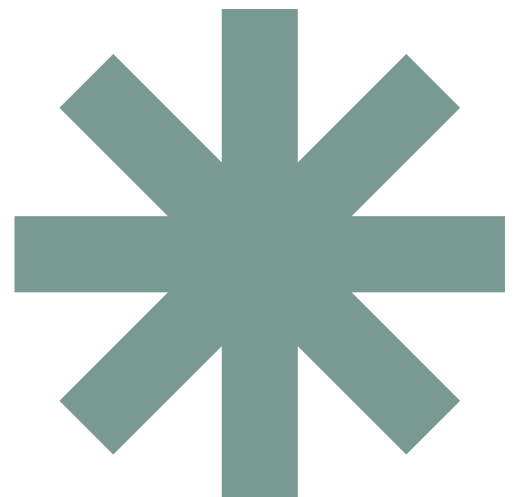
Consultation submission: DSS relational contracting documents

On 16 June, DSS published a suite of documents outlining its approach to relational contracting for public consultation, open until 26 July 2026. This was a centrepiece of the reforms process for families and children programs that commenced in October 2025.

A relational model shifts preparation away from fixed roles, rules and outcomes, recognising that outcomes can be difficult to predict and require adaptation across policy, funding, program design and capability. It also requires parties to share risk and data, with community perspectives helping ground evidence and practice in what is working locally.

The relational model proposed by DSS comprises seven documents:

- **Shell agreement:** builds on DSS's standard grant agreement by adding relational components, including principles, governance and collaborative behaviours.
- **Governance framework:** Maintains a strong focus on compliance with relational practices.
- **Decision matrix:** This outlines roles for the Minister, Department and providers in potential decisions and leans on the Public Governance, Performance and Accountability Act 2013 as a limiting factor on flexibility.
- **Readiness checklist** for providers to self-assess as a development tool (not a compliance tool).
- **Flexibility policy** outlining how providers can change deliver or approaches and what the limits of the flexibility are.
- **Readiness roadmap** for implementing and scaling relational contracting as part of the Children and Family Support (CaFS) Program.
- **Glossary** of frequently used terms.



PLACE answers to DSS consultation questions

Overarching feedback and comments

The new Children and Family Support (CaFS) program is a significant reform at a time when Australian families are facing significant pressures, with outcomes for too many children flatlining or declining.

PLACE welcomes the reforms and notes many positive developments following the initial consultation in November 2025, including:

- DSS' approach to working with the sector and adapting in response to feedback, including delaying implementation to allow for deeper consultation.
- The relational commissioning approach of working with existing providers to adapt funding and service design to meet the new program outcomes and priorities.
- The commitment to transition more funding to Aboriginal Community Controlled Organisations in consultation with communities and providers.
- The commitment to community-led, place-based approaches, including involving Place Partnership Model (PPM) communities in the application, assessment and contracting processes.
- The commitment to relational contracting, including capability-building across DSS and the sector.

It is clear that this is a dynamic reform, with reform progressing during the consultation period. PLACE commends DSS for this approach to providing early visibility of key thinking and documentation rather than waiting for a near-final product. We consider there is room for stronger engagement with communities in the finalisation of the models and approaches; particularly given the roles envisaged for community in the model.

This dynamism provides the context for PLACE's feedback, which is for DSS to build on the most relational aspects of each document to increase the overall impact of relational contracting.

Specific opportunities for improvement across the relational contracting documents are:

1. A much stronger role for communities across the documents, particularly in the governance framework and the decision matrix. While communities are not parties to relational contracts, the role of communities should include:
 - a. Community plans informing relational contract outcomes, indicators and measurements.
 - b. Community co-design of services and activities in delivery plans.
 - c. Contract governance engaging local shared decision-making governance.
 - d. Greater transparency and information-sharing, including sharing information with communities.
 - e. Community involvement in monitoring outcomes.

These opportunities should be afforded to all communities, noting that specific engagement will depend on each community's governance and readiness. This should include clear expectations in the 18 identified PPM communities and other communities with well-established governance. In other communities relational contracting should be the catalyst for greater community governance and involvement in CaFS services as the model matures over time. As well as improving outcomes for children and families, this will improve government's ability to respond to community needs and opportunities.

2. Greater clarity on the outcomes, measurements and indicators that are agreed in the contract and not subject to the flexibility policy, and the outcomes, measurements and indicators that are part of the delivery plan and able to be adapted in response to evidence, including community feedback.

To achieve the benefits of a relational approach, there needs to be sufficient flexibility to adapt activities, outcomes, measures and indicators based on local data and feedback, with risk managed through relationships rather than strict measures and compliance. The development of program-level theories of change, quality measurement frameworks and linked datasets can be helpful provided that they can be tailored to local contexts, needs and opportunities. These should be developed with community and provide a consistent scaffold to build contracts with different outcome measures for different contexts, with greater depth at the delivery plan level.

The quality measurement framework (described in the glossary but not referenced

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in other documents) and the draft CaFS impact placemat (released in a separate consultation) provide a good basis for this type of contract, noting the opportunity to strengthen community-level measures and indicators. However, this is not yet reflected in paragraph 15 of part B of the draft agreement, which indicates a high level of specificity in the contract, limiting the potential to be flexible.

As DSS progresses implementation of relational contracting through CaFS, there is an opportunity to demonstrate the flexibility afforded by the PGPA Act and the Commonwealth Grants Rules and Principles (CGRP), noting that the greatest risk (in fact, currently being realised) is the risk of poor community outcomes. For example, while section 10 of the CGRP describes a performance framework that could be used while negotiating a contract, relational contracting provides an opportunity to develop robust performance frameworks within each contract, strengthening the ability to deliver outcomes while remaining consistent with the CGRP.

3. The current governance approach is resource-heavy with escalating oversight for increasing complexity. The governance should be more relational, addressing the risks of continuing poor community outcomes by investing in local relationships and engaging community perspectives to closely understand what is landing in community and to learn and iterate.

As much decision-making as possible should be devolved to local relationship managers, who should be empowered and supported to respond quickly if issues arise, rather than needing to escalate to a person without local context and relationships. Communities can play a key role in reducing risk by providing context and perspective to performance and operational challenges, identifying local barriers and opportunities impacting performance. Finally, the cornerstone of good governance for relational contracts is transparency and information-sharing, including the department sharing information with providers and communities. This builds the trust that is the foundation of a strong relationship.

4. Capability building for both the sector and DSS will be critical to successful implementation of relational contracting in CaFS, including the capability to work closely with community governance. While DSS has emphasised a collaborative approach to capability building when communicating about CaFS, it would be good to reflect this more strongly in the relational contracting documents, which currently focus strongly on provider readiness.

Draft shell agreement

The shell agreement is a solid first step towards relational contracting within DSS's legislative and regulatory constraints. There are ways in which it can be strengthened to support a relational approach, including by incorporating elements from documents shared after the agreement, such as the Glossary.

Strengths:

- Part A contains a good description of relational contracting, solid principles and constructive ways of working.
- Part A contains some references to community involvement in the contract governance: a mechanism for community voice in the description (clause 1), and a role for community representatives in the governance arrangement (clause 4a). These references could be strengthened and extended to other documents (such as the governance framework and the decision matrix).

Suggested Improvements:

- The instructions indicate that relational contracting can have benefits where outcomes are precisely described, such that parties will not have differing views about when those outcomes have not been achieved. While shared outcomes are critical for relational contracts, focussing on precisely describing them in the agreement risks the flexibility required for success. For example the CaFS program outcomes are not precisely described. We recommend aligning the instructions with the definition of relational contracting in clause 1 and the Glossary, which includes: "Shared purpose and outcomes – a clear statement of intent that articulates the 'why' and guides decision-making."
- Clauses 10 and 15 of Part B also focus too heavily on outcomes, indicators and measures being precise and verifiable, which is contrary to the need for flexibility to adapt to emerging community and operational information. We recommend these clauses are adapted to reflect the quality measurement framework described in the Glossary, using approaches such as the draft CaFS impact placemat to provide a common set of measures as well as theories of change and impact specific to each contract. Ideally these frameworks would also include community-level indicators and measures.
- Feedback provided on the draft governance framework also applies to clause 4 of Part A.



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- Noting the legal framework DSS works within, there may be opportunities to review clauses in Part B and Part C of the agreement to align with the principles of relational contracting. For example:
 - Clause 18 in Part B includes information providers must share with DSS, whereas there are no such requirements on DSS, despite information-sharing being an expected behaviour in clause 5 (j) in Part A.
 - Clause 21 in Part C includes circumstances where payment may be withheld. While this is likely necessary, it should be a last resort if the relational ways of working described in clause 5 of Part A are followed.

These changes may be a low priority in order to test and operationalise relational contracting, but in the long term they would address the power imbalance between DSS and providers and demonstrate a strong commitment to relational contracting.

Governance framework

PLACE recommends a relational approach to governance addressing the risks of continuing poor community outcomes by investing in local relationships and engaging community perspectives to closely understand what is landing in community and to learn and iterate.

Specific feedback on the draft governance framework:

- The factors influencing governance approaches – service type risk and delivery context – are appropriate, but the assessment approach and binary partnership model is too formal and structured for a relational approach. We recommend a more collaborative approach to determining the governance approach, where risks and opportunities are assessed by DSS, the provider and the community, and an appropriate meeting cadence is established to manage the risks.
- We do not think the distinction between primary and enhanced partnerships in the document is strong enough, with the only material difference being more PGF meetings and undefined “closer” engagement. We recommend instead outlining potential approaches that could be used in case of high risk or developing organisational maturity, to be used in each arrangement when fit for purpose.
- As articulated in Part A of the draft agreement, community should play a strong role in the governance of relational contracts. Opportunities to reference this role include:
 - Community input in assessing the delivery context.
 - Community representatives on the PGF where appropriate, and community voice as a minimum. Communities provide context and perspective to performance and operational challenges, and identify local barriers and opportunities impacting performance.

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- Ensuring that engaging community is a joint responsibility of DSS and providers, aligned with the principles of open and transparent information sharing and building trust.
- As much decision-making as possible should be devolved to local relationship managers, who should be empowered and supported to respond quickly if issues arise, rather than needing to escalate to a person without local context and relationships. The governance framework does not articulate who from DSS other than relationship managers will be in PGFs.
- The governance framework and approaches should reflect the principles and ways of working articulated in Part A of the draft agreement.

Decision matrix

The decision matrix is a helpful articulation of how DSS will deliver relational contracting within the legal framework provided by the PGPA Act and the CGRPs, as well as a comprehensive set of tasks and decisions required to deliver relational contracts.

PLACE recommends that the decision matrix include roles for:

- Community backbone organisations, including but not limited to PPM communities,
- Community representatives, where there is community governance, and
- Community broadly, through consultation mechanisms

While community roles are not accountable or responsible for any decisions in the matrix, they should be informed of many decisions, and consulted in decisions including:

- | | |
|---|--|
| • Agree shared ways of working | • Share and review performance information |
| • Agree service delivery requirements and outcomes | • Monitor performance against outcomes |
| • Establish and maintain governance arrangements | • Identify and respond to performance risks/issues |
| • Confirm shared purpose and high-level outcomes | • Agree performance improvement actions |
| • Develop and agree delivery plan | • Rebalance expenditure within scope |
| • Adapt activities within agreed scope | • Identify and raise risks |
| • Adjust Delivery Plan | • Assess risks and determine response |
| • Set or refine outcome indicators | • Implement risk mitigation strategies |
| • Propose material changes to activities and outcomes | • Monitor risks and mitigation effectiveness |

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Further recommendations on the decision matrix:

- Where the decision matrix references risks and issues, opportunities should also be considered. A key benefit of relational contracting and working more flexibly is the opportunity to identify and pursue opportunities to improve outcomes. This is also a key reason for involving communities more on local decision-making, and should be explicitly articulated in the decision matrix.
- Under agreement establishment, there should be assessment and information sharing about the department's readiness, and a more collaborative approach to determining provider readiness.
- The decision matrix should acknowledge that it can be adapted to different organisations or contexts, such as greater decision-making power for community-led organisations or ACCOs.
- Some organisations may need additional assistance or funding to meet their responsibilities in the decision matrix, especially smaller organisations.

Provider readiness self-assessment checklist

This checklist is a good support for providers to prepare for relational contracting and continually improve and reflect on their capability.

PLACE has two suggested improvements:

1. The ability to engage community backbone organisations and representatives is an important capability for successful relational contracting, and should be reflected throughout the checklist. Suggested inclusions to the checklist are:
 - All: change “partners” to “partners and community” throughout.
 - Purpose: “Your strategy aligns with long-term outcomes, partnership goals and community priorities”.
 - Purpose: “You have assessed how this change affects your people, processes, systems and community relationships”.
 - System: Include “community needs and opportunities” in the information needed to support relational contracting.
 - People: change “workforce” to “workforce and community”.



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2. Develop a similar checklist for providers to assess the readiness for relational contracting of the DSS teams they work with closely. This checklist would be optional for providers and would:
 - Demonstrate DSS's commitment to building its own capability alongside providers, noting that capability is likely to vary across DSS teams and locations.
 - Allow providers to reflect on their experience engaging with DSS as relational contracting is implemented and matures.
 - Demonstrate a more collaborative, open and transparent approach to building capability together, consistent with the goals of relational contracting.
3. Under "Building capability", it is noted that providers should develop plans to continue capability building. It is recommended that these plans (and DSS team plans) be regularly shared with and reviewed by governance groups, to ensure continued progress. This is consistent with the relational contracting principles of transparency, information sharing, learning and continuous improvement, and will ensure relational contracting continues to improve outcomes for children, families and communities.

Flexibility policy

The flexibility policy is a useful addition to the relational contracting documents, providing clarity about the flexibility that exists to ensure providers can continue to improve services and approaches to meet community needs. Its effectiveness will depend on how restrictive the outcomes, measurements and indicators included in the contract are.

PLACE notes that community input and engagement will be critical to providers using the flexibility policy to continuously improve outcomes. In many cases this should occur through other mechanisms (such as participation in governance groups), but in some cases it is worth making this explicit in the flexibility policy. PLACE recommends:

- Include community input as part of the evidence required for significant changes and part of the considerations for higher risk, larger or broader system impacts.
- Include community support as a prerequisite for routine, low-risk changes.
- Ensuring all flexibility decisions are appropriately communicated to community representatives.
- Being clear that outcomes include community-identified priorities.
- Including community consultation as required evidence/checks in the Appendix – Decision Categories, Authority and Safeguards.

Relational contracting readiness roadmap

The roadmap is a helpful guide to the implementation and scaling journey.

PLACE suggests that it would be beneficial to:

- Include the role of communities in some of the steps, particularly consultation on the data quality framework, implementation and manage and evaluate.
- Include milestones for CaFS commissioning process communicated by DSS, which include:
 - Submissions close Oct 2026
 - Grant execution process March–April 2026
- Publish further detail on the steps when available, especially the evaluation, operational design and simulation steps.

Glossary of frequently used terms

The glossary is helpful and some items (such as the quality measurement framework) could be used to strengthen other documents.

In addition to any changes that would result from other recommendations (eg. to the governance framework), PLACE recommends:

- Adding “community need and local service ecosystem” as examples of conditions in which a service is delivered as part of the definition of “Delivery Context”.
- Reframing the definition of “Readiness” to reference both providers and DSS teams in the first sentence, rather than making providers the initial focus. The readiness of DSS teams, as opposed to DSS as a whole, is important, as readiness may vary across the department and different providers or communities may experience DSS readiness differently.
- Consider adding definitions relevant to community engagement, noting the difference between Place Partnership Model community backbones, other place-based backbone organisations, and community representatives.

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