Anglicare Australia
in every Community

Submission to Relational Contracting Consultation on Foundational Documents

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About Anglicare Australia

Anglicare Australia is a network of independent local, state, national and international organisations that are linked to the Anglican Church and are joined by values of service, innovation, leadership and the Christian faith that every individual has intrinsic value. Our services are delivered in partnership with people, the communities in which they live, and other like-minded organisations in those areas. With a combined income of $3.1 billion, a workforce of over 23,000 staff and 8,000 volunteers, the Network delivers more than 50 service areas in the Australian community. In all, Anglicare services reach almost one in every twenty Australians.

As part of its mission the Anglicare Australia Network partners with people, families and communities to provide services and advocacy and build resilience, inclusion and justice. Our first strategic goal charges us with reaching this by influencing social and economic policy across Australia with a strong prophetic voice; informed by research and the practical experience of the Network.

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Introduction

Anglicare Australia welcomes the opportunity to provide feedback on the draft relational contracting architecture and supporting materials. We strongly support the commitment of the Department of Social Services (DSS) to exploring new approaches to funding and partnering with the community sector, and recognise the significant effort that has been invested in developing the draft Shell Agreement, Governance Framework, Decision Matrix, and supporting implementation materials.

Relational contracting represents an important opportunity to move beyond traditional approaches to grants administration that have often been characterised by compliance, transactional interactions, and limited flexibility, which detract from the ability of providers to respond to community need and tie up time and expertise in administration instead of community support. The principles of the proposed model, including trust, collaboration, shared problem-solving, continuous learning, and proportional accountability, align with how community organisations seek to work with the Government in addressing social issues.

Anglicare Australia also acknowledges concerns raised across the sector regarding the inherent power imbalance that exists within grant funding relationships. The Government retains legal and statutory accountability for public expenditure and decision-making under the Australian Government Grants Framework and related legislation. As a result, relational contracting cannot fully replicate a partnership between equal parties, nor can it remove all the structural features that distinguish the Government from funded organisations. While these constraints are real and should be openly recognised, Anglicare Australia considers that the more important question is how the relational contracting architecture can maximise collaboration, shared learning, joint problem-solving, community participation, and provider influence within those constraints.

Anglicare Australia notes that substantial technical feedback on the draft architecture, including the Shell Agreement, has already been provided to DSS through the Community Sector Advisory Group (CSAG) and the CSAG Relational Contracting Working Group. Many of the legal, contractual, and operational issues associated with the draft documents have therefore already been examined in considerable detail through these processes. This submission does not seek to duplicate that work. Instead, it focuses on several broader strategic issues which we believe warrant additional consideration as the relational contracting model continues to develop.

Anglicare Australia also notes that the relational contracting architecture is continuing to emerge through a range of interrelated documents and supporting materials released at different points in time, through different channels. While this iterative development has enabled ongoing engagement with stakeholders, it has also made it challenging to form a complete picture of how the model is intended to operate in practice. Components such as governance arrangements, grant agreements, readiness tools, delivery planning resources, and implementation guidance are inherently interconnected, yet stakeholders have often been provided these elements non-sequentially and asked to consider them separately. In some cases, contractual documents have been released before earlier-stage implementation materials that would ordinarily inform how those arrangements

operate in practice. As a result, it can be difficult to assess how the various components work together as a coherent, end-to-end model across the lifecycle of a funding agreement.

This architecture is important given the broader transition to the Children and Family Support (CaFS) program and the future implementation of relational contracting across other DSS-funded community services. Through the recommissioning process, existing providers have a significant opportunity to contribute to the development of a model that may shape the future relationship between the Government and the community sector across multiple programs and funding streams. Accordingly, this submission focuses on three strategic issues that Anglicare Australia considers fundamental to the long-term success of relational contracting, which are ensuring that:

- implementation is supported by a robust process of testing, learning, and refinement
- the model can operate effectively across multi-provider delivery arrangements
- community voice and lived experience are meaningfully reflected

The importance of the Test and Refine phase

Anglicare Australia strongly supports the inclusion of a Test and Refine phase within the Relational Contracting Roadmap. However, the consultation materials provide limited detail regarding exactly what this phase will entail, how it will be conducted, and how the lessons learned will be incorporated into the final model DSS proceeds with. Given that the Test and Refine phase is intended to inform the implementation of relational contracting within the CaFS program, and potentially other DSS-funded programs in the future, greater clarity regarding its scope and methodology is needed.

The Test and Refine phase is arguably the most important element of the implementation process. It represents the point at which the principles and aspirations contained within the draft governance framework, decision matrix, shell agreement, and supporting materials will be tested in practice rather than theory. Once implementation proceeds at scale, there will be considerably less opportunity to address structural issues that emerge. For this reason, the Test and Refine phase should not be treated merely as a procedural step within the implementation process, but rather as a critical opportunity to determine whether the proposed architecture is genuinely capable of enabling relational contracting in practice.

A critical area for evaluation is the extent to which relational contracting results in a genuinely different way of working between DSS and providers. The evaluation should examine whether decision-making became more collaborative, whether trust increased between the parties, whether problems were addressed through joint problem-solving, and whether providers had greater influence over service design and flexibility in program delivery. It will be important to assess whether the model represents a genuine shift away from transactional grant management, or whether traditional power imbalances and decision-making practices continue to operate despite the introduction of new governance structures.

A second critical area for evaluation relates to the development and measurement of outcomes. The consultation materials and broader CaFS reform process identify two overarching program outcomes:

- parents and caregivers receive the support they need to guide children's social and emotional development
- children and young people receive the social and emotional support they need to reach their full potential

While these provide an important statement of intent, it remains unclear how they will be translated into practical service-level outcomes, indicators**,** and measures that are meaningful for providers, communities**,** and program participants. The Test and Refine phase should therefore evaluate whether outcomes, sub-outcomes, indicators, and performance measures are genuinely co-designed between DSS and providers, and whether a shared understanding is reached regarding how those outcomes will be interpreted, delivered, and measured in practice. In particular, the evaluation should consider whether providers have meaningful input into the design of performance measures and definitions of success that are relevant to the communities they serve. Without this, there is a

risk that relational contracting will be implemented around outcomes that are shared in principle but insufficiently defined to guide service delivery, continuous improvement**,** and performance assessment in practice.

Recommendation

DSS should publish a detailed evaluation framework for the Test and Refine phase, including clear criteria for assessing whether relational contracting has resulted in:

- a genuine shift from transactional to relational ways of working
- increased trust, collaboration, and shared problem-solving between DSS and providers
- meaningful provider influence over decision-making
- co-design of outcomes and performance indicators
- shared agreement regarding how outcomes will be achieved and measured

Multi-provider delivery models and relational contracting

Anglicare Australia is concerned that the draft relational contracting architecture is primarily designed around a bilateral relationship between DSS and a single funded provider. The Shell Agreement, Governance Framework, and Decision Matrix assume a direct relationship between the Commonwealth and an individual grantee. While elements of the broader relational contracting reform agenda appear to recognise the importance of subcontracting arrangements, consortia, lead agency arrangements, facilitating partner models, and other forms of networked service delivery, the architecture has not yet developed corresponding governance and operational mechanisms that clearly demonstrate how relational contracting will function within these arrangements.

This issue is significant because relational contracting is intended, at its full potential, to support a more collaborative, trust-based, and adaptive way of working. While the draft documents seek to establish these principles between DSS and funded providers, they do not adequately address how relational principles will operate between providers themselves. As currently drafted, there is a risk that relational contracting applies only at the interface between the Government and provider, while traditional transactional contracting continues between lead organisations and delivery partners. This would substantially limit the extent to which relational contracting could drive system-wide change.

More broadly, the architecture would benefit from greater consideration of how relational principles operate in settings where outcomes are achieved collectively rather than through a single contractual relationship. Many community services rely on networks of organisations with different roles, capabilities, and levels of connection to local communities. While the existing architecture provides mechanisms for collaboration between DSS and an individual provider, it is less clear how similar principles would be applied across provider networks where decision-making, delivery responsibilities, community engagement, and risk management are distributed across multiple organisations.

The issue is particularly important in the context of the CaFS program and broader government commitments relating to community-led delivery, the transition towards greater Aboriginal Community Controlled Organisation (ACCO) participation, and achieving Closing the Gap targets. Smaller ACCOs and place-based providers often require capability development, mentoring, and partnership arrangements with larger and more established organisations. A genuinely relational model should provide a framework that supports these collaborative relationships, recognises shared accountability, and enables joint governance and learning across provider networks. At present, the draft architecture provides limited guidance regarding how these relationships should operate within a relational contracting environment.

The absence of a multi-provider governance framework may become increasingly problematic over time. As service delivery is distributed across a larger number of specialist, ACCO, and place-based organisations, there is likely to be a greater need for intermediary functions that support coordination, capacity building, and governance across local service systems. This could include lead

provider models, alliance arrangements, facilitating partner structures, and other forms of networked delivery. These models often require governance arrangements that extend beyond a single bilateral contract and involve multiple organisations contributing to shared outcomes.

Importantly, this challenge is not hypothetical. Parts of the former Families and Children Activity already operated through this type of architecture. The Communities for Children Facilitating Partner (CfC FP) model was designed around a lead organisation working with Community Partners and local governance structures to commission, coordinate, and oversee services in response to local need. The draft relational contracting architecture does not currently explain how such arrangements would operate under the new model, how relational principles would be applied throughout delivery networks, or how governance and decision-making would occur where multiple organisations contribute to shared outcomes.

Without further development, there is a risk that relational contracting strengthens the relationship between DSS and the lead funded organisation while leaving relationships throughout the broader service system governed by traditional contractual arrangements. If relational contracting is intended to transform the way government and the community sector work together, it must be supported by an architecture that recognises and enables collaboration not only between government and providers, but also across the wider delivery systems through which outcomes are achieved. This requires governance, performance, adaptation, and learning mechanisms that can operate effectively within multi-provider environments, rather than relying solely on a series of bilateral contractual relationships.

Recommendation

DSS should develop additional guidance for subcontracting arrangements, consortia, lead agency models, facilitating partner models, and other forms of multi-provider delivery, covering:

- application of relational contracting principles
- governance arrangements
- shared decision-making processes and dispute resolution mechanisms
- approaches to capability building, mentoring, and partner development
- shared accountability and performance arrangements
- mechanisms for collective learning, adaptation, and continuous improvement
- guidance on how lead providers and intermediary organisations should support participation by ACCOs and place-based organisations

Community voice, lived experience, and relational governance

Anglicare Australia supports the emphasis that the CaFS program places on community-led delivery, responsiveness to local need, and stronger partnerships between government and the community sector. However, while the draft relational contracting architecture focuses extensively on the relationship between DSS and funded providers, it provides relatively limited consideration of how the voices of children, families, carers, communities, and people with lived experience will be included. The draft documents establish new processes for communication, governance, and joint decision-making between DSS and providers, but provide limited guidance regarding how community perspectives and lived experience will inform those decisions or contribute to governance processes over time.

This issue is particularly important in the context of place-based, community-led delivery and broader commitments relating to the transition to ACCOs. These reforms recognise that communities often have a deeper understanding of local needs, emerging issues, service gaps, and culturally appropriate responses than cannot be fully and thoughtfully captured through centrally designed program settings alone. While the emerging relational contracting model recognises the value of local knowledge, community expertise, and lived experience, there is a lot less clarity regarding the mechanisms through which these perspectives will influence governance, service adaptation, and continuous improvement. Without such mechanisms, there is a risk that relational contracting focuses on strengthening the institutional relationship between government and providers, without achieving a corresponding and equally important shift towards greater community influence and responsiveness.

There are a range of existing examples across the community services sector where local governance and community participation have played an important role in shaping service delivery. The CfC FP model, for example, incorporated local committee structures that enabled community members and local stakeholders to contribute to service planning and funding decisions. While the specific governance arrangements used under previous programs may not be directly transferable, the broader principle that communities should have meaningful input into decisions that affect them remains highly relevant.

The Test and Refine phase provides an important, non-repeatable opportunity to explore how community voice and lived experience can be successfully incorporated into the relational contracting model. This should include thoughtful consideration of how local knowledge is gathered, how communities contribute to identifying priorities and emerging needs, and how community perspectives are reflected in governance, performance discussions, adaptation processes, and continuous improvement activities. Consideration should also be given to whether communities and people with lived experience have a more direct role in shaping certain elements of the relational governance architecture, rather than participating solely as sources of feedback or evidence. Without this, there is a risk that relational contracting strengthens relationships between institutions, while leaving the people and communities the system exists to support largely outside the governance architecture.

Recommendation

DSS should use the Test and Refine phase to develop and test mechanisms for incorporating community voice and lived experience into relational governance arrangements, including:

- processes for systematically gathering and responding to community feedback and lived experience
- approaches for incorporating local knowledge and community priorities into planning, adaptation, and continuous improvement activities
- options for community and lived experience participation in governance and advisory structures
- mechanisms to support community influence over service design, delivery, and improvement at a local level
- culturally appropriate approaches that support Aboriginal and Torres Strait Islander self-determination and decision-making
- guidance on how providers demonstrate that community perspectives have informed governance discussions, service adaptation, and performance improvement activities
- evaluation of different approaches to identify models that are effective, scalable, and proportionate across different service contexts

Conclusion

Anglicare Australia supports the direction of the proposed relational contracting reforms and recognises the significant opportunity they present to strengthen collaboration between DSS and the community sector. However, the success of the model will depend not only on the principles embodied in the architecture, but also on how those principles operate in practice.

In particular, the long-term effectiveness of relational contracting will require a robust process of testing and refinement, mechanisms that enable collaboration across multi-provider delivery systems, and governance arrangements that meaningfully incorporate community voice and lived experience. Addressing these issues during implementation will help ensure that relational contracting delivers genuine improvements in outcomes for children, families, and communities, rather than simply introducing new contractual and governance structures.