

A Quick Guide to

Renegotiating Your Service Contract

September 2025

Introduction

NCOSS created this guide to help you when you are renewing or updating your service contract. Systemic issues such as inadequate indexation, alongside increasing demand and stagnant funding will impact your organisations' economic sustainability if not factored into future service contracts.

This is a guide only and should not be taken as legal advice. It is also not comprehensive but designed to provide you with important considerations.

If you require legal information, you can access free resources on contracting from Justice Connect which provides free and affordable specialist legal help for not-for-profit organisations and social enterprises. Alternatively, your organisation may be eligible for pro bono legal assistance through the Justice Connect Not-for-Profit Law service. Visit <https://www.nfplaw.org.au/> for more information and contact details.

The NSW Government is implementing Secure Jobs and Funding Certainty (SJFC), its commitment to the community services sector to provide longer term contracting, secure jobs for the workforce, and developing a shared definition of adequate funding levels. The rollout of the initiative is ongoing and is likely to impact your contracting negotiations. For more details refer to the [SJFC Roadmap](#).

Consideration 1: Use data to demonstrate need in your area.

- Regional population or demographics changes.
- Changes in the type or number of services you deliver.
- New barriers preventing access to your services.
- Local data showing increased or unmet need.

Data sources available: [NCOSS Mapping Economic Disadvantage in NSW](#), [Department of Social Services](#), [Australian Institute of Health and Welfare](#) and Department of Communities and Justice (DCJ) [District Profile Dashboards](#).

Use this data to inform your negotiations.

Consideration 2: Staffing Model and Remuneration

- Review any changes to the proposed activity requirements in the Service Plan, including target Occasions of Service. Ensure the staffing you have proposed enables you to achieve these targets.
- Your contract should reflect the state government's commitment to providing secure jobs for the community sector, by including staff wages at appropriate classification levels (with flexibility to reflect your organisation's circumstances), and mandatory entitlements such as superannuation.
- Ensure your budget includes the new levy for Portable Long Service Leave (1.7% of ordinary wages).
- The contract should also include an agreement to vary funding to reflect any legislated wage and entitlement increases.

Consideration 3: Full costing of service delivery

Ensure your budget captures the full cost of delivering the contracted services, including the categories below.

Safety and Quality

- Out-of-hours support needs.
- Higher staffing ratios for certain types of support.
- Accreditation and audit costs.
- External/clinical supervision.
- Employee background checks.

Travel expenses

- Travel costs adequately captured in the funding attached to your contract.
- Extension or changes to the area of coverage affecting travel expenses.
- Transport expenses and vehicle availability for staff to reach and support their clients.

Brokerage

- Sufficient brokerage for individuals and communities, including community and cultural engagement – check and confirm percentage.

Training and development

- Specialised training for new priority groups or service types.
- Ongoing foundational training to support new staff and specialist training and support (e.g. around trauma) to build expertise.
- Regional/remote areas: include travel, accommodation, and staff backfill costs.

Overheads and indirect costs

- Funding agencies, including DCJ, are increasingly requiring organisations to provide a detailed break-down of their corporate support costs. This means that they may no longer accept a simple administration or management fee based on a percentage of contract revenue. You may need to provide a list of 'indirect contract administration costs' (or similar). These may include rent, HR, legal, audit fees and technology, but this will depend on how your organisation categorises and accounts for expenditure.
- Known increases in operating costs such as rent, insurance and utilities accounted for in the contract.
- Implementation costs related to data management systems.
- The introduction of new cybersecurity and other IT systems.
- Monitoring and Evaluation activities (reporting, evaluation, data collection, outcomes measurement, governance).
- Time and resources required for compliance with government policies or standards, including the Modern Slavery Act.

Consideration 4: Community Engagement and Collaboration

- Community events to build trust and relationships.
- Inter-agency liaison and collaborative approaches.
- Strengthening referral pathways.
- Departmental meeting attendance.

All these activities require resourcing and should be included in your budget and contract.

Consideration 5: Adequate Indexation

- Lower indexation will have an impact on your resources and overall ability to deliver services. If indexation is set on a year-by-year proposition it creates uncertainty, affects resources and the level of services that can be provided each year.
- Ask for a clear structure for indexation over the life of the contract and emphasise that reduced indexation will negatively impact service delivery, staff recruitment and retention, and long term viability of your organisation.

Consideration 6: Managing Service Changes

If your organisation will no longer be able to provide the same level of service in a particular location:

- Identify who will be impacted.
- Understand resource requirements for informing clients, providers, and referrers.
- Prepare transition arrangements (e.g., referrals to other services).
- Allow adequate transition time for client adjustment.

All factors require resourcing as per the government's Secure Jobs and Funding Certainty Roadmap.

NSW Council of Social Service (NCOSS) is the peak body for non-government organisations in the health and community services sector in NSW. NCOSS works to progress social justice and shape positive change toward a NSW free from inequality and disadvantage. We are an independent voice advocating for the wellbeing of NSW communities. At NCOSS, we believe that a diverse, well-resourced and knowledgeable social service sector is fundamental to reducing economic and social inequality.

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Acknowledgement of Country

NCOSS respectfully acknowledges the sovereign Custodians of Gadigal Country and pay our respects to Elders, past, present and emerging. We acknowledge the rich cultures, customs and continued survival of First Nations peoples on Gadigal Country, and on the many diverse First Nations lands and waters across NSW.

We acknowledge the spirit of the Uluru Statement from the Heart and accept the invitation to walk with First Nations peoples in a movement of the Australian people for a better future.

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