



DSS Relational Contracting

Relationship between Part A and C of the Draft Shell Agreement

The Draft Shell Agreement introduces a more collaborative and adaptive approach to decision-making than has previously been incorporated into Commonwealth grant agreements. The principles that underpin this approach are included in Part A of the Draft Shell Agreement. This includes meetings, review points and governance groups alongside an agreed set of behavioural principles.

However, the department must continue to act within the defined legal parameters set by Commonwealth legislation, including the *Public Governance, Performance and Accountability Act 2013* and the Commonwealth Grants Rules and Principles, as well as continue to apply a good commercial approach built on common law contracting principles and experience. This is included in Part C of the Draft Shell Agreement which reflects both the standard grant template most grantees will be familiar with, alongside new clauses that were developed in response to specific issues arising in recent years that the department wishes to capture in all grant agreements in the future.

Part A is designed to foster a collaborative relationship between the department and the grantee on the basis that a stronger relationship between the parties will likely lead to better outcomes of the grant and therefore the relevant people or communities that the activity is designed to benefit. However, grantees are not service providers to the department receiving payment for services, nor are grantees receiving a gift from the department. The onus remains on grantees to ensure that the work they have said they will do to support those relevant people is done as promised and the public money used for the grant is used for the benefit of those relevant people. The department intends to work with grantees through Part A to enable a more flexible approach to achieve that benefit, and Part C will be used as and when appropriate and reasonable to do so to ensure an efficient, effective, ethical and economical use of public money.