



Australian Men's Shed Association
SHOULDER TO SHOULDER

Information Sheet

Memorandum of Understanding (MOU)

Please Note: The ultimate responsibility for the accuracy and appropriateness of the outcomes from the use of this resource lies with the user. The AMSA provides resources to assist Sheds in developing tools specific to their needs.

What is a Memorandum of Understanding (MOU)?

An MOU can be described as 'an agreement to agree'. It is sometimes an agreement to enter into a more specific and comprehensive contract or agreement at a later time or when particular circumstances arise, after further negotiations. An MOU will often establish a framework for the collaboration between the organisations and set out the common goals or vision of the parties to the MOU. In general, an MOU will not deal with the specific details of particular projects. An MOU therefore tends to be more of a 'high level' document.

When should a MOU be used?

The not-for-profit sector will typically use an MOU when organisations wish to co-operate and/or share information with each other, allowing each to make the most of the other's specialist skills or knowledge.

What issues will a MOU cover?

This will depend on the nature of the collaboration you want with another organisation. Typically an MOU document may set out:

- details of the organisations entering into the MOU
- objectives of the arrangement and goals or expected benefits
- agreed actions, services and areas of support
- strategies and mechanisms for dealing with common issues
- the term of the MOU (an agreed start and review/end date) and the circumstances in which it may be ended early
- the agreed roles of each organisation
- the naming of a position (or person) in each organisation as a central point of contact for the MOU
- a communication plan, and
- dispute resolution statement.

What are my obligations under a MOU?

Your obligations under the MOU will be outlined in the document and may include obligations to:

- share information (which may or may not include confidential information)
- work in co-operation with the other party on particular types of projects
- actively promote events/activities of the other party
- refer clients to the other party, and
- jointly host events/seminars/workshops.

Your obligations under the MOU should set out what your organisation has agreed to do.

You should read an MOU very carefully before signing it, to make sure it reflects what you have agreed.

Is an MOU a legally binding document – like a contract?

Generally, MOUs are written in a way that indicates they are not contractually binding, and are more a statement of intent or an 'agreement to agree'. This is because the courts will generally not recognise agreements to enter into contracts as binding contracts themselves.

However, whether an MOU is binding or not will be highly dependent on the terms of the MOU.

Additional resources

Related Not-for-profit Law Resources

The Not-for-profit Law Information Hub (www.nfplaw.org.au) has further resources on the following topics:

- Auspice agreements – www.nfplaw.org.au/auspicing
- Joint Venture agreements – www.nfplaw.org.au/partnerships
- Understanding contracts - <https://www.nfplaw.org.au/contractsoverview>
- A base template non-binding MOU – www.nfplaw.org.au/MOU