

# Legal updates to standard contract wording

Below is the standard wording to be provided to sponsors/organisations as an explanation of CDHB's longstop and GST special conditions.

## 1. LONGSTOP CLAUSE – add to Special Conditions

**A new clause is added to the “TERM AND TERMINATION” clause as follows:**

“The parties agree that notwithstanding anything to the contrary contained elsewhere in this Agreement, the term of the Agreement shall not exceed [three (3)/ten (10)] years (the “Longstop Date”) without the prior written consent of the Institution given in accordance with this clause. Not more than 12 months and not less than three months prior to the Longstop Date, the [Sponsor /CRO/CRG] shall notify the Institution’s nominated contact for notices advising that the Longstop Date will be exceeded, the anticipated date of expiry or termination of the Agreement and requesting the Institution’s written consent to continue. The Institution’s written consent to continue beyond the Longstop Date shall not to be unreasonably withheld, conditioned or delayed.”

### **CDHB Explanation:**

We require this clause to ensure CDHB signatories are not acting outside of their delegations from our Board.

The purpose of the longstop clause is to put a term on the CTRA and make that term equal to or less than 10 years, in order that the term falls within Canterbury DHB’s Financial Controller’s signing delegation. Inclusion of the longstop clause ensures that Canterbury DHB can sign CTRAs in a timely manner. However, it is recognised that clinical research often spans more than 10 years and, in these cases, the longstop clause provides a mechanism for the contract term to be extended.

## 2. GST CLAUSE – add to Special Conditions

**Clause 6.6 is deleted in its entirety and replaced with the following wording:**

“6.6 Payments will be made by the [Sponsor/CRO/CRG] upon receipt of a valid tax invoice issued by the Institution”.

### **CDHB Explanation:**

Clause 6 needs to be amended in all CTRAs because it allows for a “Buyer Created Tax Invoice”. Under NZ GST legislation a Buyer Created Tax invoice triggers a GST payment

obligation on the DHB when they are issued. The timing of the GST payment obligation does not necessarily meet CDHB's internal processing requirements.

### 3. NO CHANGES TO MAIN BODY OF AGREEMENT – add to Special Conditions

**A new clause is added to the Special Conditions as follows:**

The main body of this Agreement must be in identical form to the current standard templated form located at [www.nzacres.org.nz](http://www.nzacres.org.nz). Any textual changes to the body of this Agreement from the templated version is not valid. Instead, the body of this Agreement can only be changed by way of the Special Conditions at [Schedule 6/Schedule 5]. Where there is a conflict between the main body of this Agreement and the Special Conditions, the Special Conditions shall prevail.

**CDHB Explanation:**

If variations are only in the Special Conditions this expedites review times for both organisations.