

CONTRACT EXTENSION LETTER TEMPLATE (WHERE EXERCISING RIGHT UNDER CONTRACT)

USER NOTES – delete once letter is populated

Purpose: It is good practice (and often required by the terms of a written contract) for an extension to be clearly recorded in writing and signed by the parties, to avoid later dispute. This contract extension template letter has been prepared to assist Government parties to effect and record a simple extension of an agreement with a non-government party, where the contract includes a right of extension.

When to use this template: This template should only be used to record an extension of an agreement if the Government party has, in the original agreement, the right (on its own or with agreement with the other party) to extend the term of the agreement. If there are no extension options in the original agreement or where all extension options have been exhausted, then use the other extension template provided.

Take care: Regard should always be had to the terms of the agreement and to any whole-of-Government or agency-specific procurement policies governing the extension of agreements. Particular care should be taken to comply with any notice requirements that apply under the original agreement (e.g. an obligation to exercise a right of renewal 3 months prior to the expiry date).

Practical tips: This template should be populated with as much specificity as possible, including by referencing clause and schedule numbers (including the clause which provides for the extension). Written extensions should be stored with or attached to the original agreement and contract end dates updated in the agency's contract register.

Signing the letter: This contract extension letter should be signed by a government officer who has authority on behalf of the Government Party to enter into and exercise rights under contracts.

How to use this template: This template can be used where the existing contract provides for an extension option that requires the agreement of both parties or where the option to extend sits solely with the Government Party. Variables have been included that address each option. The first option requires signature by both parties. The second option requires signature by the Government Party only, but as a matter of best practice, seeks written acknowledgement of the extension by the non-government party. Users of this template will need to delete the inapplicable text.

Further information: Procurement SA
 Contact Email: procurement@sa.gov.au

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<Government Party letterhead>

<insert date>

<insert name>

<insert position>

<insert name of counterparty>

<insert ABN>

<insert email address>

BY EMAIL ONLY:

Dear <insert name>

<INSERT AGREEMENT NAME> AGREEMENT – EXERCISE OF EXTENSION RIGHT

I refer to the agreement between the <insert name of government party> (**Government Party**) and <insert name of counterparty> dated <insert date>, for <insert short description of contract> (**Contract**).

I confirm that <DELETE the inapplicable option> [the parties have agreed to extend] [OR] [the Government Party is extending] the Contract in accordance with clause <insert clause reference>. Therefore, the extended term will commence on <insert date> and expire on <insert date>.

The parties further agree that in all other respects the terms and conditions of the Contract shall continue to apply without variation.

<DELETE the inapplicable option> Please signify your agreement to this extension by signing and returning the duplicate of this letter. <use where the other party is required to agree> [OR] Please signify your acknowledgement of this extension by signing and returning the duplicate of this letter. <use where Government Party has a right to extend without agreement of other party>

Yours Sincerely,

.....
<insert name and title of signatory (a government officer who has authority on behalf of the Government Party to enter into and exercise rights under contracts)>

.....
<DELETE the inapplicable option> <insert name of counterparty> hereby agrees to extend its Contract dated <insert date> with the Government Party on the terms specified in this letter <use where the other party is required to agree> [OR] <insert name of counterparty> hereby acknowledges that the term of the Contract dated <insert date> with the Government Party is extended on the terms specified in this letter. <use where Government Party has a right to extend without agreement of other party>

Signed for and on behalf of <insert name of counterparty>

.....
[Name:]
[Title:]

Date: <insert day> / <insert month> / <insert year>

.....
Signature of Witness

.....
Name of Witness

.....
Address of Witness