

# SUBCONTRACT AGREEMENT

CONTRACT DATE: \_\_\_\_\_

BUILDER: \_\_\_\_\_

SUBCONTRACTOR: \_\_\_\_\_

SITE: \_\_\_\_\_

SCOPE OF THE TRADE WORKS:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

START DATE: \_\_\_\_\_

CONTRACT PRICE:

Set Amount: \_\_\_\_\_ OR Hourly Rate: \_\_\_\_\_  
(inc GST) (inc GST)

PROGRESS PAYMENTS:

Stage / Date Amount OR Every \_\_\_\_ week(s)

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

All amounts payable to the subcontractor under this contract are due within \_\_\_\_ days after the subcontractor gives the builder a written notice requesting payment.

The defects liability period is \_\_\_\_ weeks / months (delete whichever does not apply) commencing on practical completion of the head contract.

## SUBCONTRACTOR INFORMATION

LICENCE No. \_\_\_\_\_ ABN No. \_\_\_\_\_ Registered for GST? YES / NO

**PUBLIC LIABILITY INSURANCE**

Company: \_\_\_\_\_  
Policy No. \_\_\_\_\_  
Current to: \_\_\_\_\_

**WORKERS COMPENSATION  
INSURANCE**

Company: \_\_\_\_\_  
Policy No. \_\_\_\_\_  
Current to: \_\_\_\_\_

**PERSONAL ACCIDENT AND  
SICKNESS INSURANCE**

Company: \_\_\_\_\_  
Policy No. \_\_\_\_\_  
Current to: \_\_\_\_\_

The builder and the subcontractor agree that this contract is to carry out the trade works for the contract price in accordance with the terms of this contract.

\_\_\_\_\_  
BUILDER'S SIGNATURE

\_\_\_\_\_  
SUBCONTRACTOR'S SIGNATURE

# SUBCONTRACT AGREEMENT

## 1. TRADE WORKS

- (a) The subcontractor must carry out and complete the trade works:
- (i) to the reasonable satisfaction of the builder;
  - (ii) in accordance with the relevant plans, the specifications and the law; and
  - (iii) at the reasonable times directed by the builder.
- (b) If the subcontractor discovers any inconsistency, ambiguity or discrepancy in or between the plans and the specifications, the subcontractor must immediately seek the builder's direction as to the interpretation to be followed.
- (c) The subcontractor must supply everything necessary to carry out the trade works.
- (d) The subcontractor may employ or engage others to carry out some or all of the trade works. The engagement of any other contractors does not relieve the trade contractor from liability under this contract.

## 2. WARRANTIES

The subcontractor warrants that:

- (a) the trade works will be carried out in a proper and skilful manner;
- (b) materials supplied by it will be suitable, new and free of defects; and
- (c) it holds all licenses required by law to carry out the trade works.

## 3. ACCEPTANCE OF BASE WORK

On commencing to carry out the trade works the subcontractor is:

- (a) deemed to have accepted the base work as satisfactory; and
- (b) not entitled to payment or compensation for additional work carried out as a result of unsatisfactory base work, unless a competent subcontractor who had examined, inspected and tested the base work would not have detected or anticipated the unsatisfactory base work.

## 4. VARIATIONS

- (a) The subcontractor must not:
  - (i) make any changes to the trade works;
  - (ii) carry out any extra work; or

- (iii) leave any detail of the trade works unfinished, unless directed in writing by the builder.

- (b) The builder may, by giving a written direction, require the subcontractor to carry out a variation.

- (c) The price of variation is:

- (i) that agreed by the parties; or

- (ii) if no price is agreed upon, an amount reasonably determined by the builder.

- (d) The contract price is to be adjusted by the price of a variation at the next payment.

## 5. PAYMENT

- (a) If required, the subcontractor must give the builder, as a precondition to payment, a signed statutory declaration that all contractors engaged by it, and employees employed by it, have been paid all amounts then due for work under this contract.

- (b) Any payment, other than a final payment, by the builder to the subcontractor, is payment on account only.

## 6. EXTENSION OF TIME

The subcontractor is entitled to an extension of time to complete the trade works as reasonably determined by the builder if:

- (a) the trade works are delayed by an act, default or omission of the builder beyond the control of the subcontractor; and

- (b) the subcontractor gives the builder written notice claiming the extension of time within 2 days of the cause occurring.

## 7. DEFECTS LIABILITY PERIOD

- (a) The subcontractor must, at its own cost, rectify any defective work that does not conform with the requirements of this contract before the end of defects liability period.

- (b) The builder may direct the subcontractor to correct, remove or replace any non-conforming work before or during the defects liability period.

- (c) If the subcontractor does not comply with such a direction, the builder may

have that work carried out by other contractors, and the cost of such will be a debt due and payable by the subcontractor to the builder.

- (d) In addition to exercising any other rights and remedies, the builder may set-off such debt against a retention held and any amount due or which becomes payable to the subcontractor in relation to this contract.

## 8. INDEMNITY

The subcontractor indemnifies the builder, and keeps the builder indemnified, against:

- (a) loss or damage to property (including the trade works);

- (b) claims in respect of personal injustice or death, arising out of, connected to or as a consequence of the subcontractor:

- (i) carrying out or failing to carry out the trade works; or

- (ii) breaching this contract;
- (c) any liability that the builder may suffer or incur under a statutory warranty in connection with the trade works.

## 9. DEFAULT

A party is in default of this contract if it:

- (a) is in serious breach of this contract;

- (b) becomes insolvent, bankrupt or makes an assignment of that party's estate for the benefit of creditors;

- (c) makes an arrangement or composition with creditors; or

- (d) being a company, goes into liquidation.

## 10. SUSPENSION

If work under the head contract has been suspended, the builder may, by giving written notice to the subcontractor, immediately suspend the trade works.

## 11. TERMINATION

If a party remains in default 3 working days after other party has given it written notice requiring the default to be remedied then, without prejudice to any other rights or remedies, the other party may, by giving a further written notice, terminate this contract.

# SUBCONTRACT AGREEMENT

## 12. HEAD CONTRACT TERMINATED

If the head contract is terminated for any reason, the builder may, by giving written notice to the subcontractor, terminate this contract, and the subcontractor is:

- (a) entitled to be paid for work carried out; and
- (b) not entitled to make any claim for loss of profit.

## 13. INSURANCE

(a) The subcontractor must take out prior to commencing, and maintain until completion of the trade works, the following:

- (i) workers compensation or any like insurance as required by law;
- (ii) public liability insurance to an amount not less than \$5,000,000 and
- (iii) except as set out below, personal accident and disability insurance providing cover at least equivalent to that provided to an employee under insurance referred to in sub clause 7(a)(i).

(b) Sub-clause 7(a)(iii) does not apply where the subcontractor:

- (i) does not personally carry out any part of the trade works on the site; or
- (ii) establishes, to the builder's satisfaction, that it is covered by workers compensation insurance taken out by the builder.

(c) The subcontractor must, when asked by the builder, produce evidence of the existence and currency of the insurances.

## 14. HEALTH AND SAFETY

(a) In carrying out the trade works the subcontractor and its agents and employees must

observe all relevant occupational health and safety laws.

- (b) The subcontractor must, whenever carrying out the trade works, ensure that:
  - (a) no person (whether employed or not) is exposed to risk to their health and safety; and
  - (b) the trade works are carried out using a safety management system.

## 15. DAMAGE AND SITE CLEANING

(a) The subcontractor is responsible for:

- (i) any damage caused by the subcontractor and its agents or employees;
- (b) keeping the subcontractor's areas clean at all times; and
- (c) the removal of its tools, plants and equipment, and if required the removal of debris and refuse, arising out of the trade works.

(b) If the subcontractor fails to comply with sub-clause 9 (a), the builder may rectify the breach and the cost is a debt due and payable by the subcontractor to the builder.

## 16. FREEDOM OF ASSOCIATION AND COMPLIANCE WITH INDUSTRIAL LAWS

A party or its agent must not support an industrial organisation to:

- (a) participate in any form of unauthorized industrial action or secondary boycott that affects the trade works; or
- (b) except as required by law, demand or force any other person carrying out work on the site to:
  - (i) join a union
  - (ii) make contributions to a specified superannuation fund; or

- (iii) make payments for redundancy or long service leave into a specified fund.

## 17. ADMINISTRATION

The subcontractor or its representative must:

- (a) attend site meetings if called on to do so;
- (b) observe all directions given by the builder under this contract; and
- (c) co-operate with all workers and other contractors on the site.

## 18. COPYRIGHT

- (a) The copyright in any plans or designs supplied by the builder to the subcontractor remains with the builder.
- (b) The subcontractor must not reproduce or use any plans or designs, in whole or in part, other than for the purpose of completing the trade works.

## 19. DEFINITIONS

In this trade contract:

"base work" means the site conditions, including work carried out by others on or over which the trade contractor is to carry out the trade works;

"head contract" means the contract between the builder and its client, which includes the trade works as part of its scope of work;

"site" means where the works under the head contract is carried out;

"contract" means this agreement between the builder and the subcontractor;

"trade works" means the building work to be carried out by the subcontractor as described in the schedule;

"variation" means to vary the trade works by:

- (a) carrying out additional work;
- (b) omitting any part of the trade works; or
- (c) changing the scope of the trade works.