Subcontract Agreement

Sample Street Townhouses – Hydraulic Services

Subcontract number	SC-0042
Project	Sample Street Townhouses
Contractor	Sample Builders Pty Ltd
Subcontractor	Demo Plumbing Pty Ltd
Subcontract Sum	$185,000.00 (excluding GST)

Worked example. This subcontract is a sample from Deep Space, provided to show how a Word master works with Contract Templates and to give you a starting point. Its wording is illustrative only and has not been reviewed for any particular project, State or Territory. Before you use it on a live project, have your legal adviser review it, then edit the Word master and the Contract Template to suit. To leave this note out of a contract, untick "Sample guidance note" in Parts.

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Part 1 – Agreement

This Subcontract is made on _____.

Parties

Sample Builders Pty Ltd ACN 123 456 789 of 1 Example Street, Sampletown NSW 2000 (Contractor)

Demo Plumbing Pty Ltd ACN 987 654 321 of 5 Trade Lane, Sampletown NSW 2000 (Subcontractor)

Background

A. The Contractor has contracted with the Principal named in the Subcontract Particulars to carry out the Project.

B. The Contractor wishes to engage the Subcontractor to carry out the Subcontract Works, and the Subcontractor has agreed to do so on the terms of this Subcontract.

Agreed terms

1. The Subcontractor must carry out and complete the Subcontract Works for the Subcontract Sum of $185,000.00 (One hundred and eighty-five thousand dollars only) excluding GST, as adjusted under this Subcontract.
2. The Contractor must pay the Subcontractor in accordance with this Subcontract.
3. The Subcontract consists of the following documents, which are to be read together:
   (a) this Agreement;
   (b) the Special Conditions;
   (c) the Subcontract Particulars;
   (d) the General Conditions;
   (e) Schedule 1 – Design Requirements;
   (f) Schedule 2 – Scope of Works;
   (g) Schedule 3 – Contract Program;
   (h) Schedule 4 – Schedule of Rates and Provisional Work;
   (i) Schedule 5 – Form of Security; and
   (j) Schedule 6 – Statutory Declaration.
4. If the documents are inconsistent, clause 1.3 of the General Conditions applies.

Executed as an agreement

Signed for the Contractor, Sample Builders Pty Ltd ACN 123 456 789, by its authorised signatories:

Signature of authorised signatory	Signature of second authorised signatory (if required)
Name: Sam Taylor	Name:
Position:	Position:
Date:	Date:

Signed for the Subcontractor, Demo Plumbing Pty Ltd ACN 987 654 321, by its authorised signatories:

Signature of authorised signatory	Signature of second authorised signatory (if required)
Name:	Name:
Position:	Position:
Date:	Date:

Part 2 – Special Conditions

The General Conditions are amended as follows:

1. Clause 13.1 is amended: Replace “10% of the Subcontract Sum” with “5% of the Subcontract Sum”.

2. Insert new clause 23.5: The Subcontractor must attend the Contractor’s weekly coordination meeting.

Part 3 – Subcontract Particulars

Where an Item is blank or says “Not applicable”, the General Conditions say what applies.

Item 1 Contractor (clause 3)

Contractor	Sample Builders Pty Ltd ACN 123 456 789
Address	1 Example Street, Sampletown NSW 2000
Contractor’s Representative	Alex Morgan Address for service: 1 Example Street, Sampletown NSW 2000 Phone: 02 9000 0000 Mobile: 0400 000 000 Email: alex.morgan@example.com
Email address for progress claims	claims@example.com

Item 2 Subcontractor (clause 3)

Subcontractor	Demo Plumbing Pty Ltd ACN 987 654 321
Address	5 Trade Lane, Sampletown NSW 2000
Contractor licence number	123456C
Subcontractor’s Representative	Chris Doe Address: 5 Trade Lane, Sampletown NSW 2000 Phone: 02 9111 1111 Mobile: 0411 111 111 Email: chris@example.com

Item 3 Principal (clause 1.1)

Principal under the Head Contract	Sample Developments Pty Ltd 10 Client Road, Sampletown NSW 2000
Principal’s Representative	Robin Grey Email: robin@example.com

Item 4 Superintendent

The Superintendent under the Head Contract is:

Superintendent	Example Consulting Pty Ltd 20 Adviser Avenue, Sampletown NSW 2000 Email: super@example.com

Item 5 Project and Site (clause 8)

Project	Sample Street Townhouses
Site	100 Sample Street, Sampletown NSW 2000
Working hours	7:00am to 5:00pm, Monday to Friday, unless the Contractor’s Representative agrees otherwise

Item 6 Subcontract Sum (clause 15)

Lump sum	$177,200.00
Provisional Work (Schedule 4)	$7,800.00
Subcontract Sum (excluding GST)	$185,000.00 One hundred and eighty-five thousand dollars only

Item 7 Key dates (clause 11, 16 and 17)

Date for Commencement	12 October 2026
Date for Practical Completion	26 March 2027
Defects Liability Period	12 months after the Date of Practical Completion

Item 8 Separable Portions (clause 11)

If no Separable Portions are set out below, the Subcontract Works are not divided into Separable Portions.

Separable Portion 1: Townhouses 1 to 6

Date for Practical Completion	26 February 2027
Liquidated damages	$800.00 per day
Security	5% retention

Separable Portion 2: Townhouses 7 to 12 and landscaping

Date for Practical Completion	30 April 2027
Liquidated damages	$800.00 per day
Security	5% retention

Item 9 Design (clause 5)

Do the design clauses (clause 5 and Schedule 1) apply?	☒ Yes ☐ No

Item 10 Liquidated damages (clause 13)

Liquidated damages	$1,000.00 per day
Limit	10% of the Subcontract Sum in total

Item 11 Progress claims and payment (clause 15)

Progress claims	on the 25th day of each month, for work carried out to that day
Time for payment	within 15 Business Days after the progress claim is made
Statutory declaration with each claim (Schedule 6)	☒ Required ☐ Not required

Item 12 Security (clause 6)

Form of security	☒ Retention ☐ Bank guarantee or unconditional undertaking (Schedule 5) ☐ Retention and a bank guarantee or unconditional undertaking ☐ Not applicable
Amount	5% of the Subcontract Sum
Release	Half within 20 Business Days after the Date of Practical Completion; the balance within 20 Business Days after the end of the Defects Liability Period

Item 13 Insurance (clause 7)

Insurance	Minimum amount	Notes
Public liability	$20,000,000.00	For any one occurrence
Workers compensation	As required by law	Throughout the Subcontract
Professional indemnity	$5,000,000.00	For each claim, kept for 6 years after Practical Completion
Plant and equipment	Full replacement value	The Subcontractor's own plant and equipment

Item 14 Key personnel (clause 9)

The Subcontractor's key personnel are:

Jordan Lee, Site Supervisor

Priya Nair, Project Engineer

Item 15 Documents the Contractor provides (clause 4)

Architectural drawings set Rev C.pdf

Hydraulic specification Rev B.pdf

Item 16 Documents the Subcontractor provides (clause 4 and 16)

Document	Copies	When
Safe work method statements	1	Before starting on Site
Insurance certificates	1	Before starting on Site
As-built drawings	2	At Practical Completion

Item 17 Variations (clause 14)

Margin on the cost of materials supplied	10%

Item 18 Notices and electronic documents (clause 18)

Electronic document management system	☒ Deep Space ☐ Not applicable: documents are given by email

Item 19 Disputes (clause 19)

Mediator nominated by	the President of the Law Society of the State or Territory where the Site is located

Item 20 Governing law (clause 23)

Law of	New South Wales

Item 21 Security of payment legislation (clause 15)

Legislation	the security of payment legislation of the State or Territory where the Site is located

Part 4 – General Conditions

1. Definitions and interpretation

1.1 In this Subcontract, unless the context requires otherwise:

(a) **Business Day** means a day other than a Saturday, Sunday or public holiday in the place where the Site is located;

(b) **Contract Program** means the program in Schedule 3, as updated under clause 11;

(c) **Contractor and Subcontractor** mean the parties named in Items 1 and 2;

(d) **Date for Practical Completion** means the date stated or worked out under Item 7, as extended under this Subcontract;

(e) **Defects Liability Period** means the period stated in Item 7;

(f) **Head Contract** means the contract between the Contractor and the Principal for the Project;

(g) **Site** means the site described in Item 5;

(h) **Subcontract** means the documents listed in the Agreement;

(i) **Subcontract Sum** means the amount stated in Item 6, as adjusted under this Subcontract;

(j) **Subcontract Works** means the work described in the Scope of Works (Schedule 2), including Variations; and

(k) **Variation** means a change to the Subcontract Works directed under clause 14.

1.2 Headings are for convenience only. The singular includes the plural and the other way round. The word “including” does not limit what comes before it. A reference to legislation includes that legislation as amended or replaced.

1.3 If the documents forming the Subcontract are inconsistent, they take priority in this order:

(a) the Special Conditions;

(b) the Subcontract Particulars;

(c) these General Conditions; and

(d) the Schedules.

2. Engagement and scope

2.1 The Subcontractor must carry out and complete the Subcontract Works in accordance with the Subcontract, the reasonable directions of the Contractor’s Representative and all applicable laws.

2.2 The Subcontractor must supply all labour, materials, plant and equipment needed for the Subcontract Works, except anything the Subcontract says the Contractor will supply.

2.3 The Subcontractor acknowledges that it has inspected the Site and the documents listed in Item 15, and has allowed in the Subcontract Sum for the conditions it could reasonably have anticipated.

3. Representatives and directions

3.1 The Contractor’s Representative named in Item 1 may give directions to the Subcontractor about any matter connected with the Subcontract Works, and the Subcontractor must comply with them.

3.2 The Subcontractor’s Representative named in Item 2 is authorised to receive directions and act for the Subcontractor in all matters connected with the Subcontract.

3.3 A direction given orally must be confirmed in writing within 2 Business Days. Either party may replace its representative by written notice to the other.

4. Documents

4.1 The Contractor will give the Subcontractor the documents listed in Item 15.

4.2 The Subcontractor must give the Contractor the documents listed in Item 16, in the numbers and at the times stated there.

4.3 If the Subcontractor finds an ambiguity, discrepancy or inconsistency in the documents, it must promptly notify the Contractor's Representative, who will direct the interpretation to follow.

5. Design

5.1 This clause applies only if Item 9 states that the design clauses apply.

5.2 The Subcontractor must design the parts of the Subcontract Works described in Schedule 1 so that they comply with the Subcontract, applicable laws and standards, and are fit for the purposes stated in Schedule 1.

5.3 The Subcontractor must submit its design documents for review at the times reasonably required by the Contractor. Review or comment by the Contractor does not relieve the Subcontractor of its obligations.

5.4 The Subcontractor must hold the professional indemnity insurance stated in Item 13.

6. Security

6.1 The Subcontractor must provide security in the form and amount stated in Item 12.

6.2 Where Item 12 provides for retention, the Contractor may deduct it from each payment at the rate stated in Item 12 until the total retained reaches the amount stated there.

6.3 Where Item 12 provides for a bank guarantee or unconditional undertaking, it must meet the requirements of Schedule 5 and be given before the first payment is made.

6.4 The Contractor may have recourse to security for any amount the Subcontractor owes it, after giving the Subcontractor 5 Business Days' written notice.

6.5 Unless Item 12 states otherwise, the Contractor will release half of the security within 20 Business Days after the Date of Practical Completion and the balance within 20 Business Days after the end of the Defects Liability Period, less any amounts it is entitled to retain.

7. Insurance

7.1 From the start of the Subcontract Works until the end of the Defects Liability Period, the Subcontractor must effect and maintain the insurances listed in Item 13, for at least the amounts stated there.

7.2 The Subcontractor must give the Contractor evidence of those insurances before starting work on the Site and whenever the Contractor asks for it.

7.3 The Subcontractor must notify the Contractor promptly if any of those insurances is cancelled or reduced.

8. Work health and safety and the Site

8.1 The Subcontractor must comply with all work health and safety laws, the Contractor's site safety rules and any safety management plan the Contractor gives it.

8.2 Before starting any high risk construction work, the Subcontractor must give the Contractor a safe work method statement for that work.

8.3 The Subcontractor may only work on the Site during the working hours stated in Item 5, unless the Contractor's Representative agrees otherwise in writing.

8.4 The Subcontractor must keep its work areas clean and tidy and remove its rubbish regularly.

9. Personnel

9.1 The Subcontractor must make the key personnel listed in Item 14 available for the Subcontract Works and must not replace them without the Contractor's consent, which will not be unreasonably withheld.

9.2 The Contractor may direct the Subcontractor to remove from the Site any person who, in the Contractor's reasonable opinion, is incompetent, careless or behaves unsafely.

10. Assignment and subcontracting

10.1 The Subcontractor must not assign the Subcontract, or subcontract any part of the Subcontract Works, without the Contractor's prior written consent.

11. Program and progress

11.1 The Subcontractor must start the Subcontract Works on the Date for Commencement, proceed with them regularly and diligently, and reach Practical Completion by the Date for Practical Completion.

11.2 The Subcontractor must carry out the Subcontract Works in accordance with the Contract Program. The Contractor may update the Contract Program from time to time and must give the Subcontractor a copy of each update.

11.3 The Contractor may direct the order and timing in which the Subcontractor carries out the Subcontract Works.

12. Delay and extension of time

12.1 The Subcontractor must notify the Contractor's Representative within 5 Business Days after it becomes aware of anything likely to delay the Subcontract Works, with details of the cause and the expected delay.

12.2 The Subcontractor is entitled to an extension of the Date for Practical Completion for a delay to the Subcontract Works caused by:

(a) an act or omission of the Contractor or its other subcontractors;

(b) a Variation, unless the Variation was caused by the Subcontractor; or

(c) any other cause stated in the Special Conditions.

12.3 To be entitled to an extension, the Subcontractor must claim it in writing within 10 Business Days after the delay ends.

12.4 The Contractor's Representative may extend the Date for Practical Completion at any time, whether or not the Subcontractor has claimed an extension.

13. Liquidated damages

13.1 If the Subcontractor does not reach Practical Completion by the Date for Practical Completion, it must pay the Contractor liquidated damages at the rate stated in Item 10 for every day after that date until it reaches Practical Completion, up to the limit stated in Item 10.

13.2 The parties agree that the rate in Item 10 is a genuine pre-estimate of the loss the Contractor is likely to suffer from the delay.

13.3 If Item 10 says liquidated damages are not applicable, this clause does not apply.

14. Variations

14.1 The Contractor's Representative may direct the Subcontractor in writing to vary the Subcontract Works, and the Subcontractor must carry out the Variation.

14.2 The Subcontractor must not vary the Subcontract Works unless directed in writing.

14.3 If asked, the Subcontractor must give a written quotation for a proposed Variation within 5 Business Days.

14.4 A Variation is valued:

(a) at the price agreed in writing; or failing agreement,

(b) using the rates in Schedule 4 where they apply; or otherwise,

(c) at reasonable rates and prices, plus the margin stated in Item 17 on the cost of materials supplied.

15. Payment

15.1 The Subcontractor may make a progress claim at the times stated in Item 11, by email to the address stated in Item 1, with enough detail for the Contractor to assess it.

15.2 Where Item 11 requires it, each progress claim must be accompanied by a statutory declaration in the form of Schedule 6.

15.3 The Contractor will assess each progress claim and respond to it within the time required by the security of payment legislation stated in Item 21, and pay the amount it assesses as due within the time stated in Item 11.

15.4 A payment is a payment on account only. It is not evidence that the work has been carried out satisfactorily.

15.5 Unless stated otherwise, amounts in the Subcontract exclude GST. A party making a taxable supply must give a tax invoice, and the recipient must pay the GST on that supply in addition to the amount for it.

16. Practical Completion

16.1 The Subcontractor must give the Contractor's Representative at least 5 Business Days' notice of the date it expects to reach Practical Completion.

16.2 Practical Completion is reached when the Subcontract Works are complete except for minor defects that do not prevent their use, the required tests have been passed, and the documents listed in Item 16 for Practical Completion have been given to the Contractor.

16.3 The Contractor's Representative will notify the date on which Practical Completion was reached.

17. Defects

17.1 During the Defects Liability Period the Subcontractor must make good any defect in the Subcontract Works within the reasonable time directed by the Contractor's Representative.

17.2 If the Subcontractor does not do so, the Contractor may have the defect made good by others, and the cost is a debt due from the Subcontractor to the Contractor.

18. Notices and electronic documents

18.1 A notice under the Subcontract must be in writing and given to the other party's representative at the address or email address stated in Items 1 and 2.

18.2 Where Item 18 nominates an electronic document management system, a document given through it is given when it is uploaded and the other party is notified.

19. Disputes

19.1 A party claiming that a dispute has arisen must give the other party written notice with details of it. Senior representatives of the parties must meet within 10 Business Days to try to resolve it.

19.2 If the dispute is not resolved within 20 Business Days after the notice, either party may refer it to mediation by a mediator nominated by the person stated in Item 19, or start proceedings.

19.3 Nothing in this clause prevents a party from seeking urgent relief from a court, or from exercising its rights under security of payment legislation.

20. Default and termination

20.1 If the Subcontractor commits a substantial breach of the Subcontract, the Contractor may give it a written notice requiring it to show cause, within 7 days, why the Contractor should not exercise its rights.

20.2 If the Subcontractor does not show reasonable cause within that time, the Contractor may take over the remaining work or terminate the Subcontract by written notice, without limiting its other rights.

20.3 The Contractor may also terminate the Subcontract by written notice if the Subcontractor becomes insolvent, to the extent the law allows.

21. Indemnity

21.1 The Subcontractor indemnifies the Contractor against loss, damage and claims arising from the Subcontractor's breach of the Subcontract or its negligent acts or omissions, reduced to the extent the Contractor caused or contributed to them.

22. Confidentiality

22.1 The Subcontractor must keep confidential the Subcontract and all information it receives about the Project, except as needed to carry out the Subcontract Works or as required by law.

23. General

23.1 The Subcontract is the entire agreement between the parties about its subject matter.

23.2 The Subcontract is governed by the law stated in Item 20.

23.3 A right under the Subcontract is waived only in writing. If any provision is unenforceable, it is severed and the rest of the Subcontract continues.

23.4 The Subcontract may be signed electronically and in counterparts.

Schedule 1 – Design Requirements

The Subcontractor must design the following parts of the Subcontract Works in accordance with clause 5:

Design of the hydraulic services within the townhouses, from the point of connection to each fixture, fit for residential occupation.

Schedule 2 – Scope of Works

Supply and install all hydraulic services for the twelve townhouses:
• sanitary drainage and plumbing;
• hot and cold water;
• gas reticulation.

Exclusions

Excavation and backfilling of trenches outside the building footprint.

Schedule 3 – Contract Program

The Subcontractor’s activities on the program as at the date of this Subcontract are:

Hydraulic rough-in, Townhouses 1–6: 12 Oct 2026 – 20 Nov 2026
Hydraulic fit-off, Townhouses 1–6: 18 Jan 2027 – 12 Feb 2027

The Contract Program is the construction program attached immediately after this page: Sample Street Townhouses Construction Program Rev A.pdf.

Schedule 4 – Schedule of Rates and Provisional Work

Rates for valuing Variations (clause 14.4) and the breakdown of Provisional Work (Item 6). Lines marked “Yes” under Provisional are Provisional Work.

Description	Unit	Qty	Rate	Amount	Provisional
Additional hot water unit, supply and install	each	1	$2,400.00	$2,400.00	No
Rainwater tank connection	item	12	$650.00	$7,800.00	Yes

Total Provisional Work: $7,800.00

Schedule 5 – Form of Security

A bank guarantee or unconditional undertaking given under clause 6.3 must:

(a) be issued by an Australian bank or insurer acceptable to the Contractor;

(b) be unconditional and irrevocable, with no expiry date;

(c) be in favour of the Contractor for the amount stated in Item 12; and

(d) be payable on demand, without reference to the Subcontractor.

Schedule 6 – Statutory Declaration

To accompany each progress claim under clause 15.2.

I, _____ of Demo Plumbing Pty Ltd ACN 987 654 321, solemnly and sincerely declare that, for the progress claim dated _____ under subcontract SC-0042 for the Project Sample Street Townhouses:

1. all workers employed by the Subcontractor in carrying out the Subcontract Works have been paid all amounts due to them for work done up to the end of the period covered by the progress claim;
2. all subcontractors and suppliers engaged by the Subcontractor for the Subcontract Works have been paid all amounts then due to them; and
3. all workers compensation premiums, payroll tax and superannuation contributions payable by the Subcontractor for those workers have been paid.

I make this declaration conscientiously believing it to be true, under the statutory declarations legislation of the State or Territory where it is made.

Declared at	
On (date)	
Signature of declarant	
Witness signature, name and qualification	