

Subcontractor agreement

A plain-English agreement between a head contractor (or builder) and an independent subcontractor for work on a NZ building site. Written to the 2026 contractor rules, the Construction Contracts Act and the Health and Safety at Work Act.

Head contractor (legal name and NZBN)	_____	Subcontractor (legal name, trading name, NZBN)	_____
Address for notices, phone, email	_____	Address for notices, phone, email	_____
Site contact	_____	GST number and LBP or trade licence number(s)	_____
Project and site address	_____		
Head contract or client reference (if the sub needs to know its terms)	_____		

1. Status

The subcontractor is an independent contractor, not an employee. The subcontractor is free to work for others, is not required to be available at set times beyond the programme in clause 4 or may engage its own competent, licensed people to do the work and remains responsible for them, and will not have this agreement ended for declining extra work beyond clause 2. The subcontractor has had a reasonable opportunity to take advice on this agreement before signing. The subcontractor is responsible for its own tax, ACC levies, GST and any staff it employs.

2. The work

SCOPE (TRADE, STAGES, WHAT IS AND IS NOT INCLUDED)	DRAWINGS, SPECIFICATION OR QUOTE IT IS PRICED FROM

- ☐ Materials supplied by: [head contractor / subcontractor], as listed: _____
- ☐ Plant and tools supplied by the subcontractor unless listed here: _____
- ☐ Work to the Building Code, the building consent and the relevant NZ standards; restricted building work only by a Licensed Building Practitioner

3. Price and payment

- ☐ Fixed price \$_____ excl GST, or
- ☐ Charge-up at \$_____ per hour plus materials at cost plus _____%, estimate \$_____ excl GST
- ☐ Payment claims under the Construction Contracts Act 2002: the subcontractor claims [monthly / at the stages below]; the head contractor pays or issues a payment schedule within [____] working days (20 if nothing is stated); claims state they are made under the Act and carry the Form 1 information
- ☐ Retentions: [none] or [____]% held until [practical completion / end of the defects period]. Retention money is held on trust for the subcontractor in a compliant bank account or by a complying instrument, with the reporting the Act requires (Construction Contracts (Retention Money) Amendment Act 2023, in force 5 October 2023)
- ☐ If schedular payments apply, the subcontractor supplies an IR330C and tax is withheld at the rate elected

4. Programme

Start date and expected duration	_____
Working days and site hours	_____
Stages and dates the head contractor relies on	_____

The subcontractor tells the head contractor in writing as soon as a delay becomes likely, with the cause and the new date. Delay caused by the head contractor, other trades, weather or late materials extends the programme; it does not

change the price unless a variation is agreed.

5. Variations

Any change to the work in clause 2 is priced and agreed in writing before it is done, using the variation form in this library. Verbal instructions on site are confirmed in writing the same day. Unagreed extra work is at the subcontractor's cost.

6. Health and safety

- ☐ Both parties are PCBU's under the Health and Safety at Work Act 2015 with overlapping duties: each keeps its own duty to workers and others (s 36) and must consult, cooperate and coordinate with the other (s 34)
- ☐ The subcontractor's workers are inducted to the site safety plan before starting and follow it; the subcontractor supplies its own task-specific controls, PPE and competent, licensed people
- ☐ Notifiable events are reported to WorkSafe as soon as possible by the PCBU whose work caused them, and told to the other party the same day (s 56)
- ☐ The subcontractor stops work and tells the site contact if it finds a hazard the plan does not cover (asbestos, services, unstable ground)

7. Quality, certificates and defects

The subcontractor carries out the work with reasonable care and skill, supplies compliance certificates for its trade (electrical, gas, plumbing, record of work for restricted building work under s 88 of the Building Act 2004) on completion, and fixes defects in its work reported within [12] months at its own cost. The implied warranties in sections 362I to 362K of the Building Act 2004 apply to residential work regardless of this agreement.

8. Insurance and tidiness

- ☐ Public liability insurance of at least \$_____; certificate supplied before starting
- ☐ Vehicle and tool insurance is the subcontractor's responsibility
- ☐ The subcontractor removes its own waste and leaves the work area tidy each day

9. Ending the agreement

Either party may end this agreement if the other breaches it and does not fix the breach within 5 working days of written notice, or becomes insolvent. The subcontractor is paid for work done and materials delivered to the end date, less the reasonable cost of finishing defective work.

10. Disputes and notices

Talk first, then mediation if either asks. Either party may refer a payment dispute to adjudication under the Construction Contracts Act 2002 at any time. Claims up to \$30,000 may go to the Disputes Tribunal. Notices are in writing to the addresses above; email counts.

11. Signatures

For the head contractor (name, signature) _____	For the subcontractor (name, signature) _____
Date _____	Date _____

This is a template, not legal advice. Legal references checked on legislation.govt.nz, employment.govt.nz and building.govt.nz on 9 October 2026; confirm current law before relying on it.

Employee or contractor? Check before you sign

Calling someone a contractor does not make them one. Since 21 February 2026 the Employment Relations Act 2000 (s 6, as amended) has a gateway test; if all four limbs are met the worker is a 'specified contractor' and cannot claim to be an employee. If any limb fails, the older 'real nature of the relationship' tests decide.

Gateway test (all four must be true)

- ☐ A written agreement says the worker is an independent contractor
- ☐ The worker is not restricted from working for others, except while doing work for you
- ☐ The worker is not required to be available at set times, days or for a minimum period, OR is free to subcontract the work
- ☐ You will not end the agreement because the worker declines an extra task
- ☐ And: the worker had a reasonable opportunity to seek advice on the agreement before signing

If the gateway test is not met: the real-nature tests

QUESTION	POINTS TO CONTRACTOR	POINTS TO EMPLOYEE
Control: who decides how, when and where the work is done?	The sub, within the programme	You, day to day
Integration: is the person part of your business or running their own?	Own tools, van, insurance, other clients	Your uniform, your tools, your roster only
Economic reality: can they make a profit or a loss?	Fixed price, bears cost of rework	Paid by the hour whatever happens
Intention: what did both parties mean, and does the paperwork match the reality?	Invoices, GST, own ACC	Timesheets, leave requests, wages

Why it matters

- ☐ A misclassified 'contractor' can claim minimum wage arrears, holiday pay, leave and penalties, and PAYE can be assessed on the business
- ☐ Labour-only arrangements with one business, set hours and no right to work elsewhere are the usual failure
- ☐ Review every ongoing subcontractor against the four limbs once a year and keep the signed agreement

Across 13,567 publicly posted reviews of NZ builders and outdoor and civil construction contractors, punctuality is praised in 38 to 40% of positive reviews and tidiness in 16 to 21%. Clients do not separate your subs from you; the programme and tidiness clauses on page 1 are where that shows.