

# Contracts for your building project

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Once you have identified who you need a contract with, you need to decide what to include. Each contract needs to spell out the obligations, requirements and expectations of the agreement.

It is the responsibility of the contractor to provide the written contract, but you don't have to accept it as it stands.

Before agreeing to any contract, make sure you consider:

- consumer protection checklist
- disclosure statement
- implied warranties
- Construction Contracts Act
- Guide to tolerances, workmanship and materials
- Construction Contracts Act.

This information will help you set expectations and hopefully avoid disputes at the end of the project.

## What your contract must cover

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You should get legal advice about the contents of your contract and make sure you understand all parts of it. If you don't follow the contract, it may cause problems if there's a dispute later in the project.

All residential building contracts must contain a minimum amount of content. This includes:

- Names, physical and postal addresses (including the address for the delivery of notices) of both parties, and all relevant contact details (such as phone numbers and email addresses).
- The address or location description of the site where building work will be carried out.
- The date(s) the contract is signed by both parties.
- The expected start and completion date and how possible delays will be dealt with.
- The contract price or the method by which the contract price will be calculated (for example, a fixed hourly rate with materials invoiced separately by supplier).

- A description of the building work that your contractor will complete including the materials and products to be used (if known).
- Which party will be responsible for obtaining building consents, and any other approvals required, to carry out the building work.
- Who will be carrying out and supervising the work.
- How notices and certificates will be given by one party to the other.
- The payment process, including dates or stages for payment and how payments will be invoiced, made and received.
- How defects in the building work will be remedied, including reference to implied warranties.
- A dispute resolution process to follow if there is a disagreement.
- How variations to the building work covered by the contract will be agreed before work continues.
- An acknowledgement that the client has received the checklist and disclosure statement from the contractor.

The contract document can also set out the payment schedule you have with your contractors. This includes:

- how many payments will be made
- the amount of each payment
- the date each payment is due.

It should make sure both parties are clear on the expected outcome of the project. If you expect your builder to be involved until the end, when the council issues your code compliance certificate, you will need to include this information. Otherwise your builder might move on to their next client.

Keep a clear record of anything you decide or agree. Your contract should list the required building work. Any change is a variation to the contract. It's important to be aware of changes and ask your builder if there will be any price, timeline or building consent implications.

## Checklist and disclosure statements

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[Consumer protection - disclosure and checklist \(https://www.building.govt.nz/projects-and-consents/why-contracts-are-valuable/consumer-protection-disclosure-and-checklist/\)](https://www.building.govt.nz/projects-and-consents/why-contracts-are-valuable/consumer-protection-disclosure-and-checklist/) tells you what your contractor must provide.

## Implied warranties even if you don't have a contract

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Regardless of the cost of your building project or whether you have a contract, there are default clauses and implied warranties to protect those involved.

Implied warranties can help you if you have a dispute and take it to Court. Under the implied warranties there is a 12-month defect repair period, where your contractor must repair any faulty work in a timely manner.

Implied warranties (<https://www.building.govt.nz/projects-and-consents/why-contracts-are-valuable/IMPLIED-WARRANTIES-AND-DEFECTS/>) has more information.

## Guide to tolerances, workmanship and materials

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We have produced a guide to help you understand what counts as a defect. It also sets out an expected quality of workmanship.

You can use the guide to check your contractor's work against if you have any concerns about the quality.

We recommend you append the guide to the end of your contract document.

How to identify defects (<https://www.building.govt.nz/projects-and-consents/sign-off-and-maintenance/completing-your-project/how-to-identify-defects/>) has more information about the guide.

## Insurance

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You need to make sure any insurance policies and who has cover is written into your contract.

Arranging insurance for your building project (<https://www.building.govt.nz/projects-and-consents/why-contracts-are-valuable/getting-insurance/>) explains more.

## Construction Contracts Act

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Any residential and commercial construction contracts are covered by the Construction Contracts Act. The legislation sets out regular payment provisions you need to know about.

It also provides a fast-tracked dispute resolution process.

Construction Contract Act (<https://www.building.govt.nz/projects-and-consents/why-contracts-are-valuable/construction-contracts-act-2002/>) has more information.



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