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CHECKLIST: CONTRACTOR SETUP

Bali Contractor Setup Checklist

How to select, contract and pay a builder so the incentives protect you · August 2026 edition · For owners building a villa in Bali.

> EVERY CONSTRUCTION HORROR STORY SHARES ONE ROOT
>
> It is rarely fake paperwork. It is trust handed out early: no one in your corner, documents unchecked, a builder nobody verified, money paid ahead of work. The setup below exists to make trust unnecessary, **small deposits, staged payments, and someone verifying each milestone before money moves.** A good contractor has no problem with any of it; hesitation about these terms is itself information.

01 Vetting: before you talk price

- [ ] A real, registered construction company, not an individual collecting your transfers into a personal account
- [ ] Licensed to build: company construction certification, and structural work signed by an engineer holding a valid competence certificate (SKK Konstruksi); confirm what your regency's permit review asks for
- [ ] At least two completed projects visited in person, and one owner spoken to without the contractor in the room
  Ask that owner three things: did dates hold, how were defects handled, and would they use them again
- [ ] Visit a **live** site unannounced: tidiness, safety, crew size and supervision on a random day tell the truth
- [ ] Financial standing sanity-checked: how many projects are running now, and is yours big enough to matter to them, small enough not to sink them
  A builder juggling many projects can pull your crew the moment someone else's milestone pays sooner
- [ ] Who actually builds: own crew or subcontracted, and who supervises daily, by name

02 The price: comparable or meaningless

- [ ] Quotes priced against the **same** drawings and a bill of quantities, otherwise the numbers cannot be compared
- [ ] Fixed-price scope separated clearly from provisional sums and owner-supplied items
- [ ] Specification stated by brand and grade in the price, so "equivalent" substitutions need your signature
- [ ] The cheapest bid interrogated hardest: under-priced work stalls mid-stage or claws margin back through variations
- [ ] Variation pricing agreed in advance: how changes are priced, documented and approved before they are built

03 The contract: where protection actually lives

- [ ] Written, signed, bilingual where needed, with drawings, specification and bill of quantities attached as contract documents
- [ ] A dated stage programme with a **daily delay penalty** for contractor-caused overrun, and fair extensions for rain and ceremony days
- [ ] Defects liability period after completion, with **retention money** held until it ends

- [ ] Step-in rights: if the contractor abandons or stalls, you can complete with another builder and set off the cost
- [ ] Insurance in force during the works, and clarity on who carries site risk until handover
- [ ] Workers on the books: the contractor responsible for its crew's wages, tax and social security, in writing
  Unpaid crews walk off other people's projects in Bali regularly; make it contractually the builder's problem, not yours
- [ ] Dispute route named (venue and language), and the contract reviewed by your own Indonesian counsel, not the contractor's

04 Payments: the incentive machine

- [ ] Deposit small; there is no version where paying far ahead of work protects you if a builder folds mid-build
  The gap between what you paid and what completion costs is your loss; keep the gap small at all times
- [ ] Stage payments tied to **verified physical milestones**, never to calendar dates
- [ ] Someone independent confirms each milestone before release, your engineer or project manager, not the builder's word
- [ ] Payments to the company's bank account, matching the contract name, with receipts against each stage
- [ ] Final payment only after the defects walk-through, document handover and the agreed completion definition are met

05 Running the job

- [ ] A weekly one-page report with photos against the programme, so drift shows early
- [ ] Every instruction and variation in writing, one channel (one group chat is fine), so the record exists when memories differ
- [ ] Quality checkpoints from the quality control checklist enforced stage by stage, before cover-up, before payment
- [ ] Materials deliveries checked against the specification at the gate, not discovered at handover

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Prepared by Shanny Advisory as general information for people building in Bali. It is not legal advice; contract terms and licensing requirements depend on your project and structure, and Indonesian counsel should review anything before signature. Pairs with the Quality Control and Build Timelines notes in this series. Questions about your own setup: reply to the message this came with, or DM @shannyadvisory.