

ABSTRACT

A construction is always followed by risk in every process, especially at construction contract. The type of construction contract will affect how big the risk will be bear by the owner and contractor. Choices of contract which will be used in a project is based on characteristic and project's condition, so that we need to reconsider about the risk, benefits, and limitation for the cost and in the end will show us to the chosen contract will be used. Design and Build is the biggest risk type of contract for owner, in the opposite of that is cost plus fee contract. As the risk reconsideration, lumpsum contract and unit price is almost the same, but lumpsum contract has a little bit risky than unit price contract. It is because the volume of lumpsum contract is already fixed ever since the contract is made based on estimation, but not for unit price contract which will be determined during the construction activity and based on field's condition. Because of a significant risk in construction contract may cause an abnormally "out of budget" cost and will end in contract dispute. In the dispute, there is regulation about punishment restriction which can be given to the involved parties. This regulation is expected for the involved parties is not giving an exaggerated punishment to the opposite parties.

Keywords : Construction Contract, Risk, Construction Dispute