

## **Schedule 6: Fee Guide and fee-related practice notes**

- **Practice Note** - Fee guide no 8 (July 2001)
- **Practice Note** - Small projects fee guide (July 2001)
- **Practice Note** - Fees for partial services (July 2001)

## PracticeNote

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### Fee guide no 8

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#### 1. Introduction

The following information provides guidance on the application of percentage-based and time-based fees.

Whatever fee bases are adopted by practices, each practice is responsible for identifying its own optimum fee levels, taking into account its expertise and experience, its financial objectives, and the characteristics of each project at hand. On the basis of such knowledge, each practice is in a position to successfully establish appropriate fees with clients.

The interests of clients and architects are best served by architects charging fees that will enable them to maintain sound long term business performance and competency of service.

#### 2. Percentage fees

##### 2.1 Percentage fee graphs

The graphs have been prepared in relation to various building types, classified in accordance with their degree of complexity, and the extent and nature of services required to be provided in relation to them.

They have been prepared where the core services denoted in the current RAIA/ACA *Client and Architect Agreement* (long form) are to be provided.

The graphs are based on information from the architectural services cost survey, conducted twice a year by the RAIA.

In applying the graphs, account needs to be taken of any services additional to the core services to be provided by the practice, and also such project factors as tendering climate, building procurement procedures, the characteristics of the site, and other regional characteristics.

The graphs are applicable to new projects only. For alterations and additions a higher fee will generally be appropriate. The graphs do not include provision for payment by the practice to other consultants or for reimbursable expenses.

Architects should confirm in the scope of services who is responsible for payment of the fees of secondary consultants and subconsultants, and adjust the fee upwards, if the architect is responsible for paying such consultants.

##### 2.2 Building classifications

For purposes of the percentage profile graphs, buildings are classified as those listed below.

As a guide, examples of building types typically included within each classification are:

##### Classification I (Conventional)

Abattoir  
Ambulance station  
Apartment house  
Bank\*  
Boiler house  
Brewery\*  
Cafeteria  
Child care centre  
Classroom building  
Community centre\*  
Cool store\*  
Court house\*  
Department store  
Dining hall

Educational facility\*  
 Exhibition building  
 Factory  
 Fire station  
 Funeral parlour  
 Grandstand\*  
 Gymnasium  
 Hall (not theatre)  
 Hostel  
 Indoor recreation building  
 Laundry  
 Library  
 Motel  
 Municipal centre\*  
 Multiple unit housing  
 Nursing home\*  
 Office building  
 Parking station  
 Passenger terminal  
 Police station  
 Post office  
 Prison\*  
 Residential college  
 Service station  
 Shopping centre  
 Sports pavilion  
 Stadium\*  
 Storage (special)  
 Swimming pool  
 Telephone exchange  
 Town hall\*  
 Transport terminal

#### Classification II (Complex)

Complex buildings involve special or prolonged study or calculation, or require the application of special skills or experience, or the work provided by the practice is increased as a result of the nature of the building.

Amenities building  
 Art gallery  
 Bank\*  
 Brewery\*  
 Broadcast studio  
 Church  
 Cinema  
 Community centre\*  
 Cool store\*  
 Court house\*  
 Crematorium  
 Dental surgery  
 Educational facility\*  
 Film studio  
 Hospital  
 House (individual)  
 Kitchen  
 Laboratory  
 Lecture theatre

Medical centre  
 Municipal centre\*  
 Museum  
 Nursing home\*  
 Operating theatre  
 Prison\*  
 Railway station  
 Restaurant  
 Shop\*  
 Theatre  
 Town hall\*  
 TV studio

#### Classification III (Simple)

Cool store\*  
 Hangar  
 Shed or shelter  
 Storage (general)  
 Warehouse

\* Indicates building type which might be classifiable in more than one category depending upon the degree of complexity.

### 2.3 Progress payments

There will be variations between practices as to the extent of services to be provided within each of the service stages and, therefore, the proportion of the fee reasonably chargeable for each of those stages. Each practice must identify its own most suitable fee apportionment for each service stage or each part thereof, and include this within the client and architect agreement.

Examples of possible fee apportionments are as shown below.

Service stage	Examples: 1 2 3 4			
	Percentage proportion of fee to be charged			
Schematic design	15	17.5	15	12
Design development	15	12.5	15	13
Contract documentation	40	40	30	35
Tendering and negotiating	2.5	2.5	5	5
Contract administration				
• Construction	25	25	30	35
• Post construction	2.5	2.5	5	0

### 2.4 Reduced services

The percentage graphs relate to the continuous provision of all of the core services. Provision of services less than the core services in the one project may incur additional work for the architect and warrant a fee surcharge. In many instances, a surcharge of 10%–15% of the fee for a

particular activity, would not be unreasonable.

#### 2.5 Protracted contract administration services

Where the architect is required to provide protracted services, a fee surcharge would be warranted (refer clause E5 of the *Client and Architect Agreement* [long form]).

#### 2.6 Deferred services

If the architect is required to defer services for 30 days or more, a fee surcharge would be warranted (refer clause E6 of the *Client and Architect Agreement* [long form]).

### 3. Lump sum fee

The architect may agree with the client to charge a lump sum fee for those services defined in the scope of services. The fee charged could be derived from a percentage calculation, time charge calculation, or some other method.

Should either the scope of services, or the scope of the project defined within the written brief change, then the lump sum fee should be re-negotiated.

### 4. Time charges

#### 4.1 Principal's and staff time

The charge for principal's and staff time should be calculated by each practice (for guidance refer to AN02.02.300).

For services in connection with litigation, a time charge fee is typically appropriate. Consideration should be given to charging a minimum of three hours. Such services normally warrant a higher fee than that applicable for other architectural services. For example, an hourly rate of 30% higher than the principal's usual rate might be warranted.

### 5. Copyright and ownership of documents

The foregoing information is based on the architect retaining copyright in the architect's work and retaining ownership of all documentation. Should copyright or ownership of the documents be assigned to the client, this should be taken into account in assessing the fee, having regard to the likely extent of reuse.

### 6. Goods and services tax (GST)

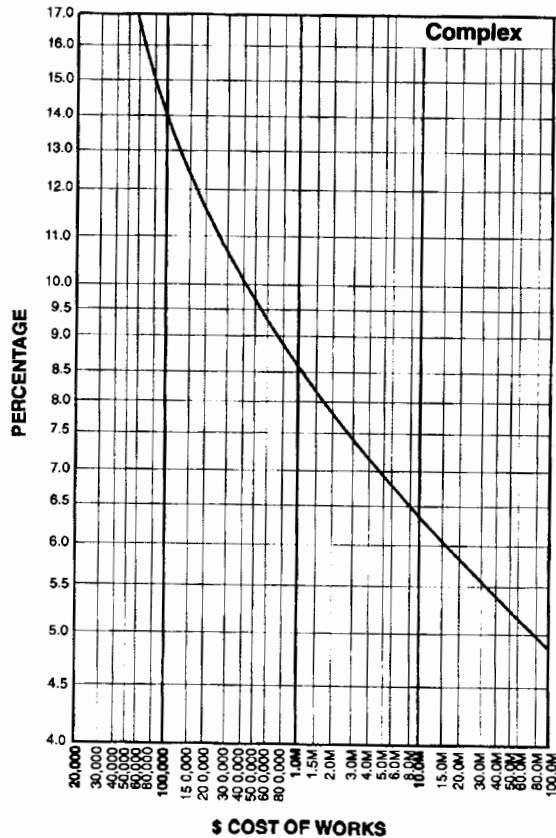
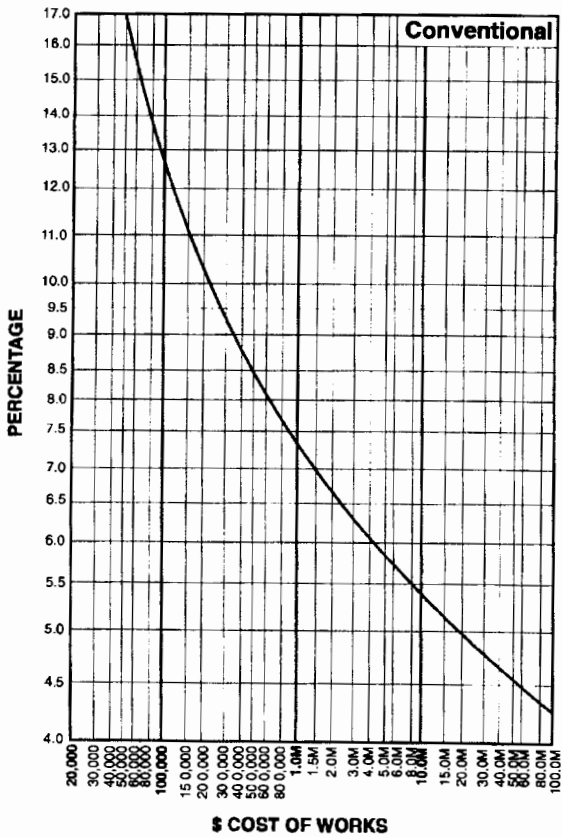
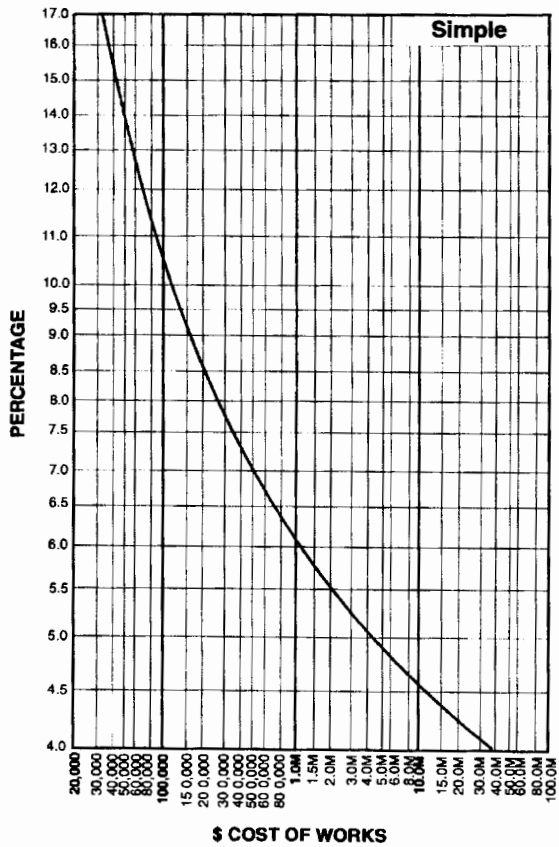
The graphs in this guide note are based on the cost of the work, excluding GST. Advice provided by the Australian Taxation Office and the ACCC is clear that fees must be calculated on the actual cost of the building work, i.e. the cost excluding GST. The GST legislation requires that your client must be advised of the total cost of the services. Therefore, once the fees have been calculated, GST at 10% must be added to give the total fee. It is illegal to offer a fee which excludes GST.

**These Notes are issued by the RAIA for general guidance only. No responsibility for their accuracy or currency is accepted by the RAIA, its office-bearers, members or staff or by the author.**

These graphs indicate a fee for continuous service consisting of schematic design, design development, contract documentation, tendering and negotiating and contract administration.

They allow for adequate expenditure on professional development, marketing, salaries at commercial rates and investment in new technologies.

They allow for a commercial rate of profit.



## PracticeNote

### Small projects fee guide

This is a reference or guideline document only. Architects and prospective clients are free to agree conditions of engagement and fees on any basis whatsoever, providing that these are not in conflict with the law applicable in the state or territory concerned.

#### 1. Purpose

The purpose of the note is to provide practitioners with an indication of an appropriate level of fees for small projects, up to \$1 million gross construction cost. The guidance given in this note is based on continuing research undertaken by the RAIA into the cost of providing architectural services and includes an appropriate allowance for profit.

#### 2. Introduction

The following information provides guidance on the application of percentage-based and time-based fees.

Whatever fee bases are adopted, each practice is responsible for identifying its own optimum fee levels, taking into account its expertise and experience, its financial objectives, and the characteristics of each project. On the basis of such knowledge, each practice is in a position to successfully establish appropriate fees with clients.

The interests of clients and architects are best served by architects charging fees that will enable them to maintain sound long term business performance and competency of service.

#### 3. Percentage fees

##### 3.1 Percentage fee graphs

The graphs have been prepared for various building types, classified in accordance with their degree of complexity and the extent and

nature of services required to be provided for them.

They have been prepared for use where the core services outlined in the current RAIA/ACA *Client and Architect Agreement* (long form) are to be provided.

The graphs are based on information from the architectural services cost survey conducted twice a year by the RAIA.

In applying the graphs, account needs to be taken of any services additional to the core services to be provided by the practice, and also such project factors as tendering climate, building procurement procedures, the characteristics of the site, and other regional characteristics.

The graphs are applicable to new projects only. For alterations and additions, a higher fee will generally be appropriate. The graphs do not include provision for payment by the practice to other consultants or for reimbursable expenses.

Architects should confirm in the scope of services who is responsible for payment of the fees of other consultants and adjust the fee upwards, if the architect is responsible for paying such consultants.

##### 3.2 Building classifications

As with other fee guides issued by the RAIA, the note provides an indication of the level of fees for projects, where the building classification is one of three types: complex, conventional or simple.

It should be noted that projects up to \$1 million gross construction cost could still be considered complex in nature, due to the scope of work and services, particular constraints of the site (heritage and environmental) and the nature of the project.

For purposes of the percentage profile graphs, buildings are classified as those listed on below.

As a guide, examples of building types typically included within each classification are:

### Complex

Complex buildings involve special or prolonged study or calculation, or require the application of special skills or experience, or the work provided by the practice is increased as a result of the nature of the building.

Amenities building  
 Art gallery  
 Bank\*  
 Brewery\*  
 Broadcast studio  
 Church  
 Cinema  
 Community centre\*  
 Cool store\*  
 Court house\*  
 Crematorium  
 Dental surgery  
 Educational facility\*  
 Film studio  
 Hospital  
 House (individual)  
 Kitchen  
 Laboratory  
 Lecture theatre  
 Medical centre  
 Municipal centre\*  
 Museum  
 Nursing home\*  
 Operating theatre  
 Prison\*  
 Railway station  
 Restaurant  
 Shop\*  
 Theatre  
 Town hall\*  
 TV studio

### Conventional

Abattoir  
 Ambulance station  
 Apartment house  
 Bank\*  
 Boiler house  
 Brewery\*  
 Cafeteria  
 Child care centre  
 Classroom building

Community centre\*  
 Cool store\*  
 Court house\*  
 Department store  
 Dining hall  
 Educational facility\*  
 Exhibition building  
 Factory  
 Fire station  
 Funeral parlour  
 Grandstand\*  
 Gymnasium  
 Hall (not theatre)  
 Hostel  
 Indoor recreation building  
 Laundry  
 Library  
 Motel  
 Municipal centre\*  
 Multiple unit housing  
 Nursing home\*  
 Office building  
 Parking station  
 Passenger terminal  
 Police station  
 Post office  
 Prison\*  
 Residential college  
 Service station  
 Shopping centre  
 Sports pavilion  
 Stadium\*  
 Storage (special)  
 Swimming pool  
 Telephone exchange  
 Town hall\*  
 Transport terminal

### Simple

Cool store\*  
 Hangar  
 Shed or shelter  
 Storage (general)  
 Warehouse

\* Indicates building type which might be classifiable in more than one category, depending upon the degree of complexity

The graphs indicate a fee for continuous service consisting of schematic design, design development, documentation, tendering and negotiating and contract administration.

They allow for adequate expenditure on professional development, marketing, salaries at commercial rates, and investment in new technologies.

### 3.3 Progress payments

There will be variations between practices as to the extent of services to be provided within each of the service stages and, therefore, the proportion of the fee reasonably chargeable for each of those stages. Each practice must identify its own fee apportionment for each service stage or each part thereof, and include this within the client and architect agreement.

An example of fee apportionment is shown in Table 1.

Service stage	Percentage proportion of fee to be charged
Schematic design	15
Design development	15
Contract documentation	40
Tendering and negotiating	2.5
Contract administration	
• Construction	25
• Post construction	2.5

Table 1: An example, break down of fee for each stage

### 3.4 Reduced services

The percentage graphs relate to the continuous provision of all of the core services. Provision of services less than the core services in the one project may incur additional work for the architect and warrant a fee surcharge. In many instances, a surcharge of 10%–15% of the fee for a particular service would not be unreasonable.

### 3.5 Protracted contract administration services

Where the architect is required to provide protracted services, a fee surcharge would be warranted (refer clause E5 of the *RAIA/ACA Client and Architect Agreement* [long form]).

### 3.6 Deferred services

If the architect is required to defer services for 30 days or more, a fee surcharge would be warranted (refer clause E6 of the *RAIA/ACA Client and Architect Agreement* [long form]).

## 4. Lump sum fee

The architect may agree with the client to charge a lump sum fee for those services defined in the scope of services. The fee charged could be derived from a percentage calculation, time charge calculation, or another agreed method.

Should either the scope of services, or the scope of the project defined within the written brief change, then the lump sum fee should be re-negotiated.

## 5. Time charges

### 5.1 Principal's and staff time

The charge for principal's and staff time should be calculated by each practice (for guidance refer to AN02.02.300 *Keeping time records*).

For services in connection with litigation, a time charge fee is typically appropriate. Consideration should be given to charging a minimum of three hours. Such services normally warrant a higher fee than that applicable for other architectural services. For example, an hourly rate of 30% higher than the principal's usual rate, might be warranted.

## 6. Goods and services tax (GST)

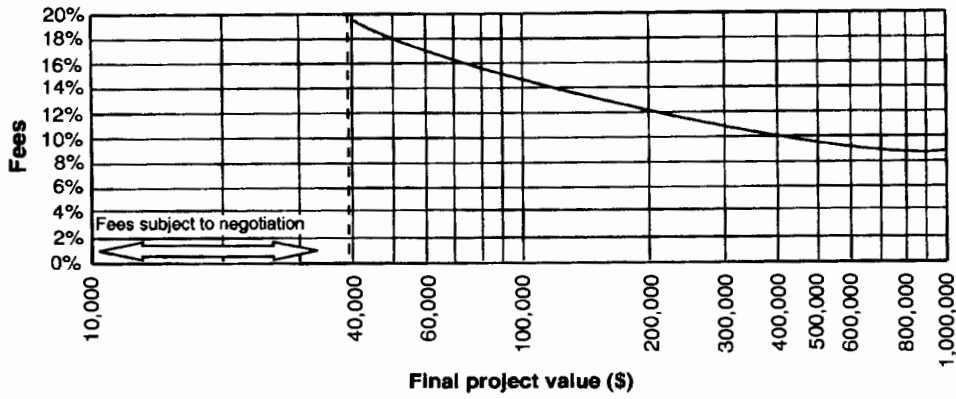
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## 7. Copyright and ownership of documents

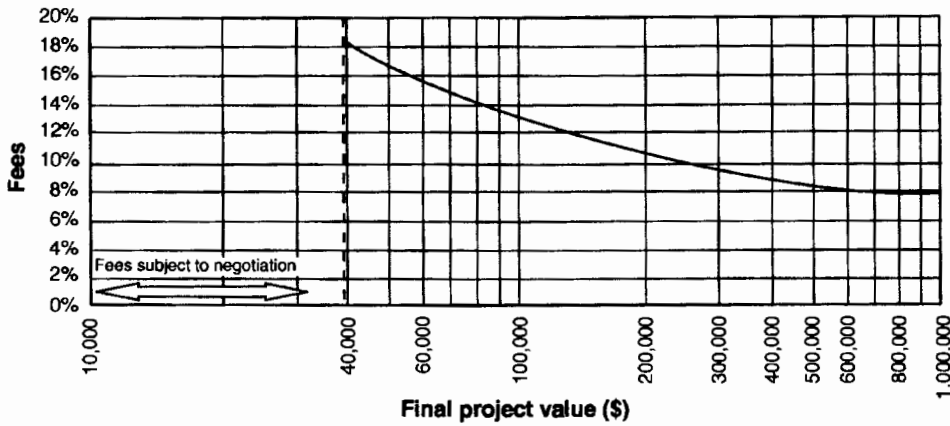
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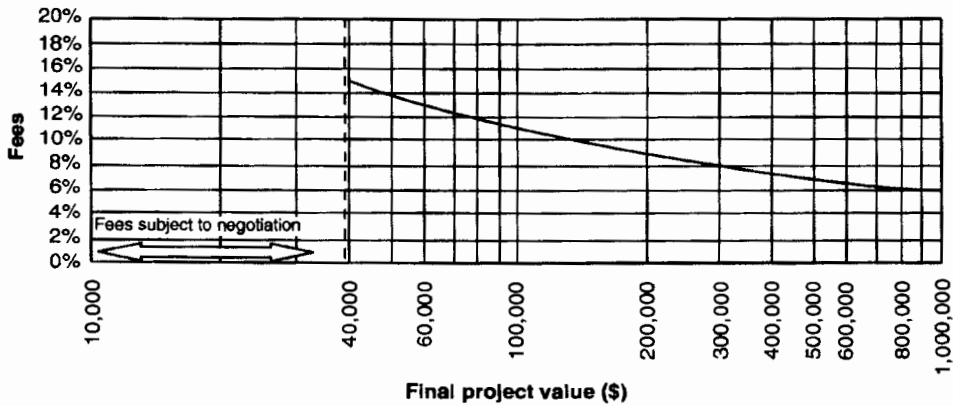
**Complex projects: fees/project value %**



**Conventional projects: fees/project value %**



**Simple projects: fees/project value %**



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## Fees for partial services

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### 1. Purpose

This note is intended to provide guidance for setting fees for other than full architectural service. It may be of assistance when apportioning fees for partial services provided under joint venture arrangements or where other professionals, such as project managers provide some of the services traditionally performed by the architect.

### 2. Partial services

Partial services are commonly associated with projects procured through non-traditional methods, where other parties carry responsibility for certain aspects of the design, documentation or contract administration processes.

Partial services are often encountered where:

- a project manager assumes a part of the role normally undertaken by the architect
- non-traditional procurement such as design and construct is used
- the project is located in a remote area
- full contract administration and certification is undertaken by others.

### 3. Establishing fees

#### 3.1 The objectives of effective fee agreements are to:

- enable the provision of the service the client actually requires
- clearly identify the services to be provided
- identify services that are excluded
- establish a framework to enable claims for additional fees where appropriate

- minimise disputes regarding services or fees
- achieve a commercially viable profit margin
- maintain a regular monthly cash flow through regular fee billing
- minimise exposure to currency fluctuation, overseas taxes and bad debt
- minimise exposure to delay and extended contract programs.

#### 3.2 Where possible, separate fees should be negotiated for additional services, such as those set out below. These will usually be established on an hourly basis:

- predesign
- feasibility studies
- master planning
- facility planning
- brief preparation
- expert representation in legal and planning proceedings
- community consultation
- expert research.

#### 3.3 If using specialist consultants, their fees should be additional and identified separately from the architects' normal services and fees. These include services such as:

- acoustics
- graphics
- interior design
- food and beverage design

- facade engineering
- programming
- project management
- statutory planning
- fire safety engineering and code compliance
- traffic engineering
- building code certification
- town planning.

3.4 Reimbursable expenses should be clearly identified, including:

- models
- presentation perspectives
- marketing materials
- travel costs and time
- accommodation and living away costs
- printing and photography
- authority charges
- overseas or interstate couriers
- extra copies of documents.

4. **Percentage fees based on construction values**

The graphs in the current RAIA Fee Guide No 8 have been prepared where the core services set out in the RAIA/ACA Client and Architect Agreement are to be provided.

The following table is designed to be of assistance when negotiating fees for partial services and should be read in conjunction with the current RAIA fee guide.

This table may be useful when negotiating with clients, project managers and others to set the architect's fees, where services are only partially provided.

Non-traditional procurement methods often rely on trade package documentation, which can have the effect of increasing the cost of documentation by as much as 15%. Also, project managers or design managers involved in these projects too often increase the architects' work load by requiring excessive reworking of documents to achieve savings or the generation of multiple design options as part of the decision making process.

Construction phase and contract administration services are often partially undertaken by other building professionals and commonly result in a fee portion of 15% to 20% in lieu of 35%, as noted in the RAIA fee guide.

It should be noted that, where not providing full contract administration services particularly in design and construct projects, the cost of the base construction must be agreed from the outset and an appropriate allowance, usually 17-20% for preliminaries, plant and profit, allowed for.

Where the project is located overseas, the value of the works should be assessed in the place where the architectural services are provided, not based on market rates related to the location of the project.

5. **Fees for partial services**

The following table gives guidance on the extent to which percentage fees could be varied to allow appropriately for the provision of partial services. The detailed break-up of the fees should always be agreed with the client at the outset.

Column 1: is based on full continuity in the architect's services through all the stages shown.

Column 2: serves as a guide when full continuity in the architect's services does not apply and the service is considered to be a partial service. The increase in this column over Column 1, recognises that additional work is required to ensure that the services that are provided have sufficient added detail to overcome the absence of continuity of the services, between work stages or within a stage.

	Full Service Percentage of total fee	Partial Service Percentage of total fee
	Column 1	Column 2
<b>Schematic Design</b>		
1. Evaluate and comment on client's brief (not prepare brief)	0.75	1.00
2. Prepare preliminary schematic design drawings	7.00	8.00
3. Review and adjust design to satisfy brief	2.50	3.50
4. Report on proposal	1.00	1.50
5. Preliminary estimate of cost/adjustments to design	0.75	1.00
<b>Design Development</b>		
1. Develop preliminary drawings, revise in accordance with clients' instructions, provide preliminary estimate of cost	9.75	10.50
2. Review and adjust to satisfy client's instructions	0.75	1.50
3. Organise and chair consultant meeting	0.75	1.00
4. Prepare final design report on proposal	1.00	1.00
5. Prepare estimate of cost	0.75	1.00
<b>Contract Documentation</b>		
<b>Tender Drawings</b>		
1. Prepare preliminary drawings	9.00	10.00
2. Prepare construction details	4.00	5.00
3. Prepare final drawings	17.00	18.00
4. Prepare schedule of finishes	0.50	0.50
5. Prepare Specification Notes	0.25	0.25
6. Prepare general conditions of contract and preliminaries for specification	0.25	0.25
7. Specification, drafting, editing, typing	8.00	9.00
8. Organise, attend and chair consultant/client meetings, distribute minutes	2.00	2.50
9. Direct consultants and integrate services	2.50	3.00
10. Revised estimate of cost based on contract documents	1.50	1.50
<b>Tendering and Negotiating</b>		
1. Call tenders	2.00	2.00
2. Advise on tenders	2.00	2.00
3. Negotiate with successful tenderer	1.00	2.00
<b>Contract Administration</b>		
1. Administer contract, including progress payments, variations to contract, rise and fall, selections and recommendations	10.00	11.00
2. Prepare detailed explanatory drawings and drawing of particular construction, deemed necessary for contractor	2.00	3.00
3. Prepare drawings and information associated with contract variations	2.00	3.00
4. Inspect works	10.00	11.00
5. Administer defects liability period and warranties	1.00	1.00
<b>Schematic design</b>	12%	15%
<b>Design development</b>	13%	15%
<b>Construction documentation</b>	45%	50%
<b>Tendering and negotiating</b>	5%	6%
<b>Contract administration</b>	25%	29%

*Source* – This table has been formed from information gained from similar tables previously compiled by the Association of Consulting Architects

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