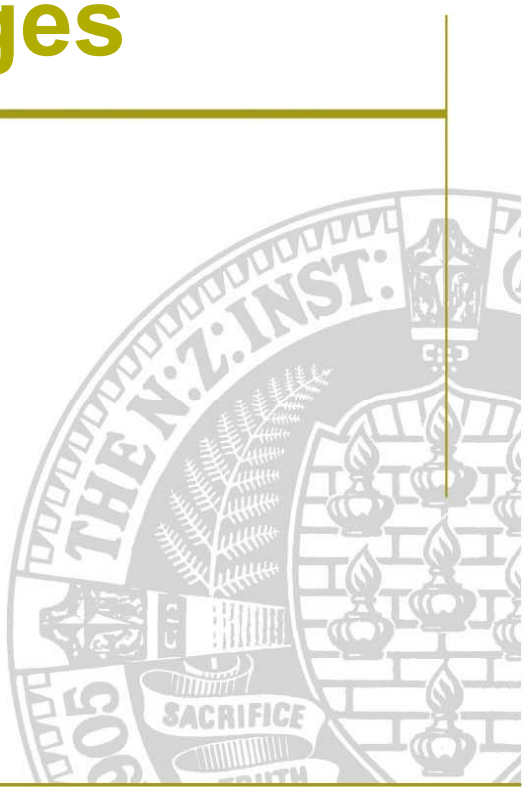
NEW ZEALAND INSTITUTE OF
ARCHITECTS
INCORPORATED

NZIA Guide to Architects Charges

2007



1 | Sacrifice 2 | Truth 3 | Power 4 | Beauty 5 | Life 6 | Memory 7 | Obedience

NEW ZEALAND INSTITUTE OF
ARCHITECTS
INCORPORATED

Guide to Architects' Charges

*This booklet is a companion to the **NZIA Guide to Architects' Services** which outlines :*

● *The preparation of a design brief to outline the scale, nature, complexity and specific requirements of the Client's project.*

● *The core services that an NZIA architect member may be expected to offer the Client in response to this brief.*

● *The sequential stages of delivery of core and specialist services by the Architect, and the Architect's sub-consultants.*

● *Additional services that may be provided by the Architect, the Architect's sub consultants, or separate consultants.*

1) Introduction

a) This booklet has been compiled as guide to the fees a Client should expect to pay for core services provided by an NZIA architect member, once the scope of the project and the related scope of the Architect's services are adequately defined.

b) Architect's fees are a relatively small part of the total life cycle cost of a building project, yet an Architect can make a positive and substantial contribution to the project in terms of cost effectiveness and overall value.

c) In free market conditions, consultants may be prepared to negotiate fees, but it is important for the Client to assess the true quality and value of the services being offered.

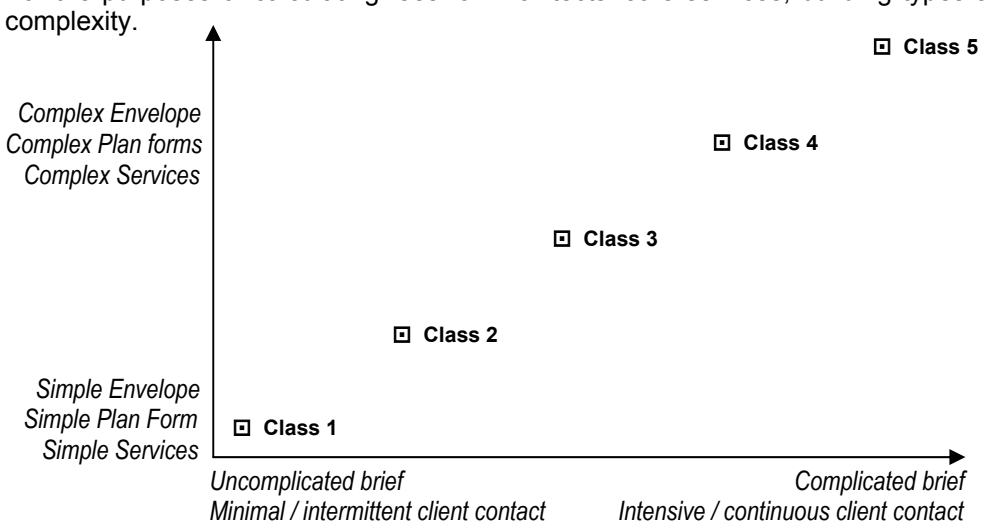
d) This booklet is intended to provide a benchmark for NZIA architect members when calculating their fees by any one of the means outline below, and to help the Client agree fees that ensure the Architect can provide exemplary services in a timely manner, and is paid fairly for these services.

e) The graph below consists of fee bands that take into account the scale and complexity of various building types, and reflect the relative costs usually incurred by the Architect to provide appropriate core services. The percentages indicated are exclusive of the charges of the sub consultants and separate consultants, and do not include allowances for supplementary services, expenses or GST.

f) It is most important for the success of any building project to agree in writing at the outset upon the scope of work and related budget, the scope of consultant services required, and the consequent scope of the fees. Such agreement should also outline mutual responsibilities and provisions for managing change.

2) Complexity of Buildings

For the purposes of calculating fees for Architects' core services, building types are classified according to complexity.



3) Building Classifications

Within each building type, classification of individual buildings or parts of buildings may vary substantially. Typical examples follow :

Type	*Class*
a) Alterations and Additions	
● Residential - generally Class 5, with fee uplift	5
● Other – according to class with fee uplift 1.5% to 5.0%	
b) Residential - New	
● Owner occupied houses, apartments	5
● Other single and multiple housing	3
c) Accommodation	
● Hospitality with extensive front of house	4
● Hospitality with minimal front of house	3
d) Health	
● Highly serviced hospitals, specialist clinics	5
● Medical centres, rehabilitation / convalescent facilities	4
● Day care / long stay care facilities	3
e) Education	
● Tertiary institutions, research centres, related facilities	4
● Secondary / primary institutions, recreation facilities	3
f) Community	
● Live performance / entertainment facilities	5
● Food and beverage outlets with on-site preparation	4
● Art galleries, museums, places of worship	4
● Cinemas, indoor sports / leisure centres	3
● Libraries, conference and exhibition centres	3
● Support facilities for open air sports	2
g) Public Services	
● Legislative chambers, diplomatic facilities	5
● Law courts, correctional facilities	5
● Air and sea transportation hubs (uplift for control centres)	4
● Land transportation hubs, transport service centres	3
● Communications centres, government service outlets	3
h) Retail	
● Individual retail premises	4
● Shopping centres / shopping complexes	3
● Retail warehouses	2
i) Office and Administration	
● Highrise, highly serviced, owner or key tenant occupied	5
● Specialised subdivisions of commercial space	4
● General commercial premises / medium & low rise	3
● Unsubdivided commercial space	2
j) Industrial and Warehouses	
● Special purpose, highly serviced facilities	3
● Industrial facilities - processes affect structure / shell	3
● Industrial - processes do not affect structure/shell	3
● General warehousing, carpark buildings	3
● Shell structures	1

4) Specialist and Supplementary Services

a) The Architect may offer specialist services or engage sub consultants to complement the core Architects' services where required. Fees for such services will generally be calculated separately.

b) Specialist services may include :

- Project management
- Management of multiple contracts
- Project programming
- Building valuation
- Life cycle cost analysis / special cost estimates
- Project financing services
- Urban planning / town planning & design
- Transport, traffic and parking planning & design
- Heritage / conservation assessments
- Geotechnical survey and analysis
- Defects or other surveys of existing, adjoining, or adjacent structures
- Specialist design services (transport hubs, health care, education, community & sports facilities etc)
- Integrated sustainable design studies
- Landscape planning and design
- Interior design / tenancy fit-out
- Selection / design of furniture, fittings and equipment
- Way-finding / graphics / signage design
- Coordination / selection of artwork
- Acoustic design
- Electrical / lighting engineering design
- Communications, audio visual and IT engineering
- Heating, ventilation and air conditioning engineering
- Plumbing and drainage engineering
- Structure / structural façade engineering
- Fire engineering
- Detailed inspection of the contract works (in addition to Stage 7 tasks)
- Review of tests, mock-ups or materials off-site
- Prolonged negotiation with Territorial / Building Consent Authorities
- Documentation for amendment or new consents where variations from original consent occur on site
- Property management / facilities management
- Post occupancy evaluation
- Arbitration and / or mediation including all related inspections
- Other forms of dispute resolution / expert witness service
- Special presentations including perspectives and photography
- Project promotion / public relations / branding / brochures
- Increased professional indemnity cover to meet client requirements

c) Sub consultants engaged by the Architect may include :

- Land Surveyor
- Quantity Surveyor
- Geotechnical Engineer
- Structural Engineer
- Heating / Ventilation / Airconditioning Engineer
- Hydraulic (Plumbing & Drainage) Engineer
- Mechanical transportation Engineer
- Electrical / Lighting Engineer
- Communications / IT Engineer
- Fire Services Engineer

d) Separate consultants engaged separately by the Client may include :

- Project Manager
- Project Valuer
- Project Programmer
- Urban Planner
- Heritage / Conservation Advisor
- Environmental Impact Analyst
- Landscape Architect
- Transport / Traffic Planner
- Interior / FF&E Designer
- Graphics and Signage Designer
- Acoustics Advisor
- Specialist Planner (health / education etc)
- Legal / Financial / Insurance Advisors
- Facilities Manager
- Marketing Manager

5) Calculation of Fees

a) Architects' fees for providing agreed services may be calculated on Lump Sum, Time Charge, or Percentage Fee bases, or a combination of these appropriate to the nature or stage of the services agreed.

b) **Lump Sum Fees** are determined by pre-estimating and agreeing the cost of resources necessary for the proper execution of each section of the Architect's services. Lump Sum fees are difficult to establish at the beginning of a project unless there is a clear and precise understanding of the Client's requirements. It may be realistic to use this form of fee structure only once the design has been developed and agreed, e.g. after sketch plans have been completed.

c) **Time Charge Fees** are generally charged where the extent of the services cannot be readily determined beforehand. Such fees are calculated by multiplying the hours of service provided by the agreed hourly time charge rate for each service provider, to the sum of which expenses are added.
At the outset the Architect should provide an estimate of the total cost of agreed services calculated this way. Such estimate should not be deemed as a cap upon the fees where services are extended under circumstances not under the control of the Architect.

The Architect must keep full records of time spent on agreed services or any other work done at the request of the Client, and where fees are to be charged on a Time Charge basis, the Architect should make these records available the Client to see upon request.

The NZIA form of Agreement for Architect's Services (NZIA AAS 2007) includes a table of hourly rates which should be completed for all projects, even if Time Charge fees are not proposed. Charges may need to be made on an hourly rate if the Client's brief changes, the scope of services is extended, or service becomes protracted as a result of delay by others.

d) **Percentage Fees** are calculated by multiplying the adjusted Cost of the Contract Works by the percentage fee rate agreed between the Architect and the Client.

The adjusted Cost of the Contract Works is defined as the cost of everything designed, selected or laid out by the Architect, the sub-consultants and the separate Consultants co-ordinated by the Architect, and carried out by the contractor as stated in the contract made between the Client and the contractor.

For the purposes of fee calculation, the cost of old materials are calculated as if these materials are new, and the cost of goods / services provided by the Client shall be calculated as if provided by the contractor.

If the final Cost of the Contract Works has not yet been determined, the most recent estimate of the completed Cost of the Contract Works (as approved by the Client) must be used to calculate fees due.

e) NZIA Architect members are ethically required to offer and provide services within their areas of current competence, and to advise wherever consultants with specialist skills are required. Fees for such consultants may be paid by the Architect, or directly by the Client. Either way the Architect will be responsible to coordinate their input.

f) The Architect may bear costs beyond those allowed for in the agreed fees, such as payment of statutory charges, reproduction of documents, travel expenses, communication costs, and special presentations.

Rates for reimbursement of costs actually and properly incurred by the Architect or the sub consultants on the Client's behalf should be agreed at the same time as the fees for services are confirmed.

g) In circumstances where the Client instructs significant changes to the scope of the project, or the Client requires the Architect to accelerate, delay or extend the agreed services, the Architect will be entitled to adjust the agreed fees accordingly.

6) Stages of Service

a) The NZIA AAS 2007 form of agreement lays out the scope of core services in sequential stages, generally defined as follows :

Stage 1 Pre-design Services

Stage 2 Concept

Stage 3 Preliminary Design

Stage 4 Developed Design

Stage 5 Detailed Design and Documentation

Stage 6 Procurement

Stage 7A Administration of Contract Works

Stage 7B Observation of Contract Works

b) The extent of core and additional services agreed to be included in each stage may vary significantly from project to project. The *portion* of the Architect's fee that may be reasonably assigned to each stage may fall within the following ranges :

Stage 1 : 2% to 10% median 5%

Stages 2 & 3 : 4% to 18% median 12%

Stage 4 : 5% to 20% median 13%

Stage 5 : 30% to 50% median 45%

Stage 6 : 1% to 20% median 4.5%

Stage 7 : 5% to 33% median 25%

Please note that the medians noted above do not add up to 100%, as not all Architects include calculation of fees for Stage 1 Pre-design Services

7) Payment of Fees

a) The Client will be responsible to pay :

● The Architect upon delivery of the agreed services, monthly, at the completion of a service stage, or at such other intervals as the Client and the Architect agree.

● Separate consultants (if any), the contractor and other suppliers of goods and services to the project, all in a timely manner.

b) The agreement between the Client and the Architect for Architect's services should contain practical and reasonable conditions for payment, and additionally outline remedies should disputes of any sort arise.

8) Assumptions

The Architect will generally make certain assumptions in order to calculate fees appropriate to the Client's project. These should be recorded in the agreement between the Client and the Architect.

a) *Full Scope of Services* : Fees are generally calculated on the understanding that it is in the Client's best interests to ensure continuity of service from the Architect, from concept design through to receipt of resource and building consents, and from initiation of construction through to completion of the contract works and code compliance certification by the responsible Building Consent Authority.

b) *Limited Services* : In cases where the Architect is not engaged to observe and / or administer the contract works, the Architect can not be held liable to the Client in any way should the contract works not be constructed entirely in accordance with the design intent and detail as embodied in the documentation prepared by the Architect for building consent.

c) *Complex Services* : Where the Client's project is highly complex, or calls for specialist skills, or includes alterations and additions, your architect may need to allow for extra fees, typically in the order of 1.5% to 5.0% over the usual percentage rate.

d) *Project Time Line* : Unless stated otherwise, the Architect will generally calculate fees on the basis of a continuous, straightforward programme sequence for each stage of service and for the contract works

e) *Building Control Authority Consents* : Unless stated otherwise, the Architect will generally assume straight forward, timely Resource Consent, Building Consent, and Code Compliance Certificate processes.

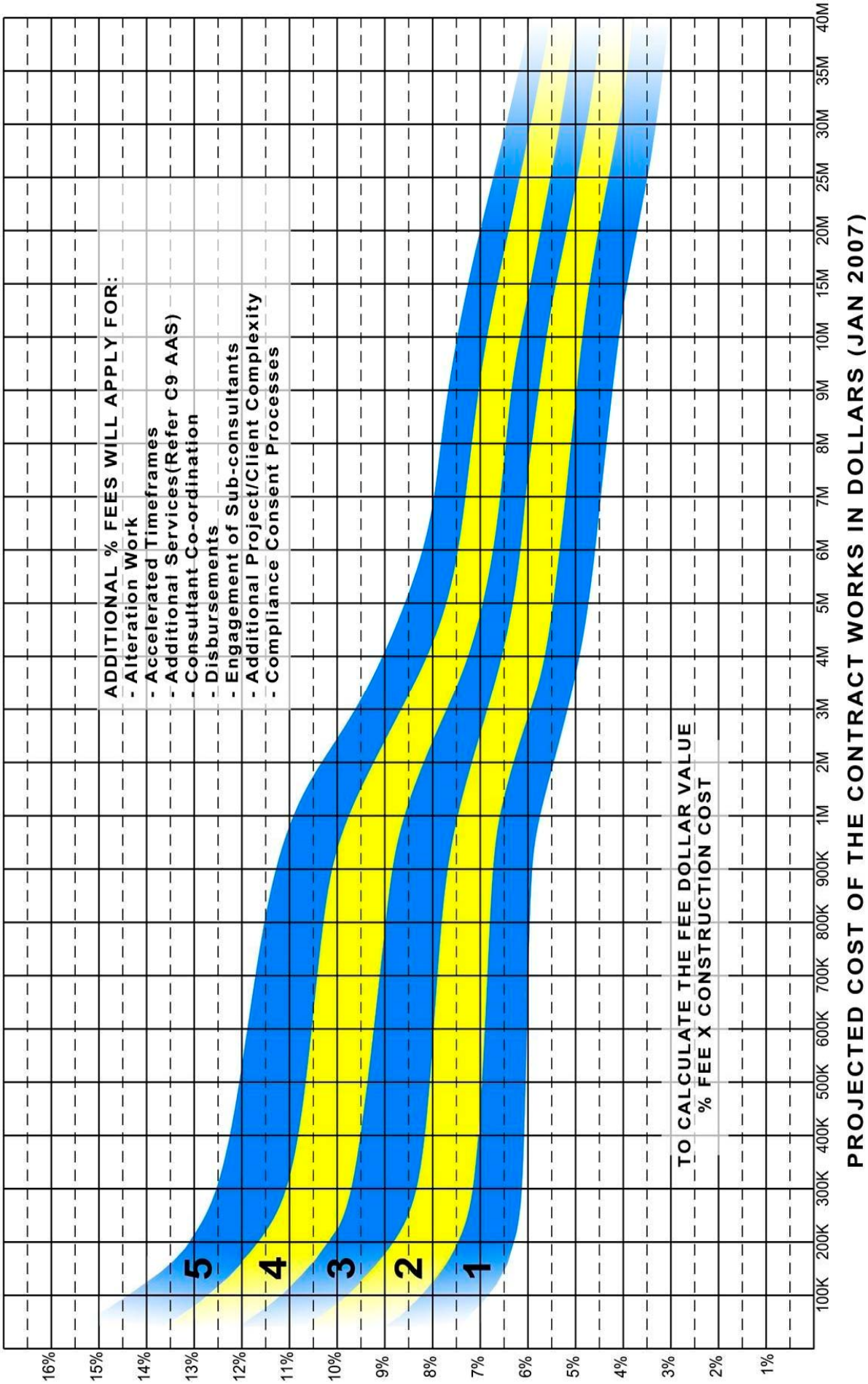
f) *Consultation* : If there is likely to be extensive consultation with stakeholders, or liaison with tenants, the Architect may need to charge on an hourly rate basis for time spent above and beyond allowances made in the agreed fees.

g) *Legal Advice* : Where the Architect requires legal advice related to administration of the building contract in your interest, such legal advice may be treated as a reimbursable expense.

h) *Adjudication* : Where the Architect is required to attend adjudication as your representative in relation to the Construction Contracts Act, such attendances may be treated as a reimbursable expense.

© Published by :
New Zealand Institute of Architects Incorporated
PO Box 2516, Auckland, New Zealand
Tel + 64 9 623 6080 Fax + 64 9 623 6081
Email info@nzia.co.nz Web www.nzia.co.nz

GUIDE TO ARCHITECT'S CHARGES FOR CORE SERVICES



FEE AS A PERCENTAGE OF THE FINAL COST OF THE CONTRACT WORKS FOR CORE SERVICES AS PER NZIA 2007 1ST EDITION