



ARCHITECTS' COUNCIL OF EUROPE
CONSEIL DES ARCHITECTES D'EUROPE

Professional Practice and Trade in Architectural Services

Expert Work Group Cost Information Systems

Work Group's Task n° 1

Final - 30 march 2007

COST INFORMATION SYSTEMS FOR ARCHITECTS IN NINE EUROPEAN COUNTRIES

This survey deals with the subject of cost information systems (CIS) for architects in nine European countries. CIS are methods available for architects to calculate their costs and ultimately the fees they charge or should be charging for providing architectural services of a sufficiently high standard to meet the expectations of their clients and the wider needs of society.

This is a revised version of an original draft dated 4 January 2007 which has been available on the ACE web site for comment, with the intention of submitting a revised document for consideration at the General Assembly. The survey has been prepared for communication to ACE member organisations along with a call for additional contributions from countries that do not form part of the survey.

Sharing experience and information is seen as an important part of the activities of the ACE work group on CIS. Indeed, CIS is a central concern to architects at a time that traditional methods of calculating fees are being brought into question. The survey has been devised to allow additional contributions by adopting the same format for each contribution. For each country, a stocktaking exercise is presented under the same headings.

Each entry starts with a short factual description covering,

- how CIS is organised
- how information is collected
- how it is published
- whether or not fee scales have been compulsory
- the date from which discussions for review have been undertaken.

Followed by a broad review for the country considered,

- the economic and business environment for architect's practice
- the historic development of CIS.
- the advantages and disadvantages of existing or recommended systems.

The parameters (salaries, overheads, time spend and profit...) that define costs have not been developed. Emphasis has been placed on the way CIS and information sources operate in an attempt to identify existing best practice.

While it is not clear how the state of the economy influences the way architect's seek work and calculate fees, understanding economic conditions can help to explain why a particular system is favoured. These conditions vary over time and from one country to another, they determine the amount of work available for architects and have a direct effect on architect's earnings.

Background to CIS

In most countries, fees have been calculated as a percentage of construction costs for the design of buildings and the supervision of their construction. Guidelines have been available to determine the percentage fee rate applicable dependant on factors such as the size of the project, it's complexity and the level of involvement of the architect at the various work stages in the project.

Whether these guidelines have been drawn up by Government organisations or by professional institutions, they have enjoyed broad acceptance by architects and by their clients. These systems are simple to use and to understand and can be referred to by all jurisdictions for the settlement of disputes.

Despite the obvious advantages of fee scales, European and national competition authorities have in recent years considered professional institutions to be "associations of undertakings". They have also stated that the publishing of recommended fee scales by these institutions restricts free competition and is at variance with article 81 of the Treaty of Rome. In some cases professional institutions have even been fined for publishing this information.

Architects and their professional bodies are reacting by seeking alternative methods to calculate costs. This survey attempts to give an insight into the situation in the countries considered, each with a different history and a different approach to what has become a common concern, namely how best to advise architects and their clients about the cost of architects' services.

The following shall be prohibited as incompatible with the common market; all agreements between undertakings, decisions by associations of undertakings and concerted practices which may affect trade between Member States and which have as their object or effect the prevention restriction or distortion of competition within the common market, and in particular those which:
(a) directly or indirectly fix purchase or selling prices or any other trading conditions
(b)

Art. 81 of the treaty of Rome

	AUSTRIA
How CIS is organised	All the old CIS for architects and chartered engineering consultants have been repealed on 31 st of December 2006. The new CIS is under construction, a first prototype should be set in the internet in end of march 2007.
How it is collected	The data have been collected online by an independent research group.
How it is published	First versions will be published on the internet. In time, new CIS will be issued as a binder or folder with one booklet for each module;
Whether or not fee scales have been compulsory	Up till 1992 the fee scales were compulsory, they have been 'guide-lines' since.
The date from which discussions for review have been undertaken	The first contacts between the national competition authorities and the "Bundeskammer der Architekten und Ingenieurkonsulenten" (BAIK) took place in October 2002.

The economic and business environment for architects' practice

The economic and business environment was not very good in the Nineties. An economic recession, rising building-costs and a general pessimism towards the economy led to an inauspicious situation for architects and a drop in the number of orders. For some years now things have improved, more investments are made and architects' workload has risen.

The historic development of CIS in AUSTRIA

Because of the "Ingenieurkammergesetz 1969" there were binding fee scales in Austria, that had to be published by the Federal Chamber of Architects and Chartered Engineering Consultants (BAIK). In 1990, the constitutional court repealed that regulation, but decided at the same time, that for some architectural services - which are of public interest - binding fee scales are legal.

After the Architects and Chartered Engineering Consultants Chamber Act 1993 ("Ziviltechnikerkammergesetz 1993") the Federal Chamber of Architects and Chartered Engineering Consultants (BAIK) was allowed to publish decrees for non-binding fee guidelines.

According to this ruling, amongst others, fee guidelines for architectural services were set out, including the following:

- General provisions
- Performance profile (description of architectural services for each work stage)
- Building inspection
- Additional services

Fees are calculated based on building costs and the complexity of the building; there were no fee bands in these tables.

Due to the internal market strategy of the EU the Austrian competition authority urged BAIK to revise fee guidelines. On 30 October 2006, the Chamber, being the highest committee of the Federal

Chamber for Architects and Chartered Engineering Consultants, decided to abandon all current fee guidelines for architects and consulting engineers with effect from 31 December 2006.

New concept, basic objectives:

- Fees should no longer be calculated with conventional chart values based on construction costs. They should be calculated, in accordance with the relevant laws, as an independent estimate taking into account an independent estimate of the number of hours necessary for a given building project.
- The calculation of fees should provide a basis for clear argumentation and be clearly understood by the customer.
- Extensive information on the scope and quality of architectural services should form a suitable prerequisite for better agreements on services and costs between clients and architects.

Approaches to a new concept for estimating costs – for the time being only for architects – have been under development within the Federal Chamber of Architects and Chartered Engineering Consultants since 2005/06. The business management guideline on estimating fees is also intended to be suitable for adoption by many groups of specialist chartered engineering consultants. The objectives mentioned above are of primary significance in developing the new model.

A proposal for a new publication for architects, consumers and interested clients, large parts of which have already been worked out, should be published for the first time around the end of March 2007, following approval by the national competition authority. The plan is to issue the new methods for estimating expenditure in modular sections, so that after the launch and trial phase and an initial evaluation of the new model, the scopes of work offered can be reviewed after being further developed by the committees of individual groups of specialist chartered engineering consultants. The sub-modules of the initial version can be quickly re-issued in an improved and more detailed form. Consumer organisations should also be involved in the discussion process prior to publication. In this way, the individual modules should come together over time to form a comprehensive and simple system of information which can be clearly understood by all users, forming a system which covers the services and fee estimates of architects and chartered engineering consultants.

The committee of the Federal Chamber is currently developing the individual training modules and tools for the range of services offered and for the business management to estimate expenditure. These tools need to be validated by the Federal Chamber. However, it is already possible to predict that the new publication will represent a much more transparent basis on which to agree the services of architects and chartered engineering consultants, which is simpler and easier to understand for consumers and members of our chambers alike.

The advantages and disadvantages of existing or recommended systems.

We hope that the most important advantages of the new system will be this transparency for consumers and that performance, services and costs of architects can be argued and better explained.

	BELGIUM
How CIS is organised	There is no structured CIS organised in Belgium.
How it is collected	In the past only one or two thorough surveys have been done, the last one was in 1992. This was a survey of the socio-economic profile of the architectural profession. It was collected by open polls sent to all architects in the form of a questionnaire. Some architectural associations have limited studies going on (e.g. average income of architects, how many architects have stopped practicing in 2005).
How it is published	The 1992 survey was published by the Order of Architects but had no real impact on the profession. It was probably also sent to the authorities concerned about the socio-economic and the consumer-organisations. The surveys done by the associations are published in the architectural press with occasional mention in the normal press.
Whether or not fee scales have been compulsory	At its foundation, the Order of Architects made fee scales compulsory and as this was a rule for the profession, the architect was bound by it, but not the client. In addition, the vague descriptions of the scope of work led to inconsistent court rulings at litigation. Over the last decade, compulsory fee scales were less and less respected. They have always been best followed in urban areas than in rural areas where there is less work for architects, some developers are renowned for not respecting the scales at all. Because the fees were expressed in a percentage of the building cost, clients were very eager to negotiate percentages down and since the architect had no clue what his fees represented, he often agreed in order to get the job.
The date from which discussions for review have been undertaken	Due to a ruling of a local Competition Authority in 1993, the Order of Architects (OoA) was not allowed to enforce the fee-scales anymore. In 2003 the European Commission fined the OoA and since then all publications of fee scales were withdrawn. It is interesting to note that since its abolishment, the fee scales have never been used more (by architects, by courts, by consumer organisations, by public authorities, experts...) and they are even still published by non-professional magazines.

The economic and business environment for architect's practice in Belgium

Legislation dating from 1939 makes use of an architect compulsory for drawing up plans and for supervision of work on site. However, over the last ten years, some property developers have made attempts to avoid the use of independent architects by opening their own architect's office and using an independent name.

There is also pressure on the architectural profession to reduce their involvement in the design phase of projects and thus reduce their fees. Nevertheless, for works too complex for developers (such as larger buildings, refurbishments and restoration work) the architect remains indispensable.

Selection of architects is based on experience and reputation but, sadly, mainly on fees. Despite, or perhaps because of this state of affairs, the Order of Architects forbids architects to compete on fees. Invitations to tender for architectural services are supposed to ask for references, size of the office (and also financial health of the office), a programme for the proposed project (deadlines...) etc, but never

costs and fees. Recently, in Flanders, the public procurement of architectural services includes fee bidding and this has caused a lot of tension between the Order of Architects and the authorities.

The historic development of CIS in Belgium

Since there is no CIS organised in Belgium, we cannot talk about development. When fees were compulsory, there was no need for CIS.

The advantages and disadvantages of the existing or recommended systems

For about 40 years (1939 up to around 1980), the compulsory use of architectural services and the compulsory fee scales together with a booming economy gave good financial security to architects. It also produced architects unable to estimate a price and quote for their work. The last survey showed they are unaware of the real cost of their work, the only feedback they had was their tax return.

Compulsory fees had unwanted effects. For example, architects, unaware of what they are paid for, are vulnerable to clients who can ask for more and more services at no additional cost.

Sur la sensibilisation des confrères, j'aurai passé tous mes mandats à le faire soit à travers la publication des nouveaux contrats et le mode calcul associé, soit à travers des articles dans les cahiers de la profession ou sur internet, soit avec le soutien des conseil régionaux pour des actions locales

C'est comme la pierre de Sisyphe. Cela marche un temps puis "le naturel" "de certains confrères revient au galop.

*Jean François Susini –
ACE President, past president CNOA France*

Comfort can be drawn from the fact that progress is being made working towards greater awareness for costing of architectural services. In several architectural schools, office management and costing has become part of the curriculum.

Since the beginning of 2006, an attempt has been made by an architects' association to help architects understand the structure and the nature of their costs. Software has been made to help calculate office costs and, with the use of 30 parameters, determine the fees that need to be charged for a particular project. The software is based on hours spent on the project.

Belgian architects are at a turning point, they have to prove that their costs and fees are not calculated blindly. We think that measuring time spent on projects by the number of unit hours is the best way forward. We must define the tasks that are undertaken by architects and calculate the time needed to achieve them.

	ESTONIA
How CIS is organised	<p>Due to pressure from the National Competition Board, the Union of Estonian Architects (UEA) abandoned the usage of a uniform fee scales system as of 15 February 2002.</p> <p>Today, architectural offices employ different methods when forming the price of their work, depending on the size and complexity of the building, these are based on:</p> <ul style="list-style-type: none"> -a percentage of the construction cost; -the cost of the gross area on the basis of the cost of one square meter of the gross area; -the cost of timework on the basis of the hourly wage of the office and the qualification of employees; -calculation of the cost price of the office and the marketing margin; -a negotiated price; <p>In 2006 the UEA began the compilation of a continuing statistical analysis of the architectural part of building design. Its purpose is to find out the objective market price for a quality-guaranteeing building design in real time and to relevantly notify the architects and the customers.</p>
How it is collected	The UEA work group compiles the statistical analysis on the basis of the price information that it obtains from member offices via an Internet-based questionnaire. Statistics are planned to be updated twice a year.
How it is published	The first statistical data have been sent to the members of the UEA via e-mail. The updated statistical data are planned to be displayed on the UEA homepage and also in print in the UEA Gazette.
Whether or not fee scales have been compulsory	From 26 March 1999 to 15 February 2002 the usage of the uniform CIS was provided for the members of the UEA within the norms of the professional ethics of member architects. In Estonia there has never been a uniform CIS for design work, laid down by the law.
The date from which discussions for review have been undertaken	<p>Discussions within the UEA with regard to developing a price system for design work that complies with the law have been on going since 2002. Since 2006 the UEA has compiled of price statistics from the offices of it's members and intends to refine the methodology for collecting, and analysing these statistics.</p> <p>An official dialogue with the Competition Board or other legislators with regard to collecting and distributing the price statistics is not seen as necessary today.</p>

The economic and business environment for architects' practice

The restoration of Estonian independence has brought about changes in the local economy and the last three to five years have seen a real construction boom, particularly for residential building. The need for new apartments comes from the increase in the number of households and a significant role is played by property speculators. Banks give long-term loans with low interest rates, and property prices have risen constantly for many years. This has brought about the increase of the construction costs and the fees for design work, although the prices still remain lower than those in neighbouring Finland. There is still room for development, though some predict that Estonia's economic growth will soon overheat.

The historic development of CIS in Estonia

The Union of Estonian Architects unites professional architects in Estonia and has been active since 1921. The members of the UEA also represent their architectural offices.

On 1 August 1992, the first Estonian CIS for design work, compiled under the leadership of the UEA, was adopted under the name "CIS for Architectural-Constructional Design Work". It was also approved by the Union of Estonian Civil Engineers, the Association of Estonian Consultants and Designers, the Union of Estonian Design Organisations, the Association of Estonian Heating-Ventilation Engineers and the Estonian Society of Interior Architects.

The first CIS was an advisory instruction, which served as a reference for calculating the minimum fee for licensed architects and engineers engaged in architectural-constructional design work, it was intended for use by all professional associations. The minimum fee for design work was derived as a percentage of the construction cost of the building. It ranged from 2.2% to 14.5% of the construction cost, depending on the complexity class of the building type (5 different classes) and on the value of construction costs. The percentage described in the instruction comprised the cost of the entire construction project, from which the architects calculated the percentage for the architectural design work. The instruction was distributed in print form as an A4 document.

On 26 March 1999 the UEA General Council decided that the members of the UEA cannot make projects at a price lower than that provided in the CIS. A relevant section was written in the UEA professional ethics standards of an architect (code of ethics), which made the usage of the CIS obligatory for the members of the UEA. However, on 1 October 2001 the Competition Act entered into force in Estonia and the UEA, under severe pressure from the Competition Board and by decision of the General Council on 15 February 2002, abandoned the requirement for the usage standard CIS and removed the relevant sub-paragraph from its code of ethics, and from the UEA homepage.

Since 2002, the UEA has been seeking new methods for the compilation of a CIS for design work that would comply with the law. In the same year the price formation system was reviewed again, which had been based on the determination of price as a percentage of the construction cost. That analysis produced nothing fundamentally new.

In 2006 a work group was created with the UEA, which commenced with the development of a new price formation system. Statistical Analysis of the Cost of Designing the Architectural Part of a Building was completed in April of that year. The analysis was compiled on the basis of price data obtained from a questionnaire sent to architectural offices run by active members. Returns were scant, but statistics could be compiled, and were based on the classification of buildings according to levels of complexity (5 classes) and on the size of the designed building according to the enclosed gross surface area. Analysis produced a table showing the cost of designing one square meter of an enclosed gross area under author's surveillance up to working drawing stages while an appendix displays average hourly fees of an architectural office. The plan is to issue questionnaires every six months and to refine the methodology for collecting, analysing, and systematising statistics.

The Estonian Association of Architectural and Consulting Engineering Companies (EAACEC) also collects statistics covering the price of design work in the field of construction. They have been active

since 1994 and unite engineering companies, including 16% of the membership formed by architectural offices.

The EAACEC has carried out price-statistical questionnaires and studies among its member companies regularly since 1995, and is able to trace changes to the price of the consultant services over more than a decade. Results have been published in the yearly Gazette of the EAACEC, and are also available on the EAACEC homepage. Published statistics show the hourly fees that include included all in costs for salaries, overheads, profit, etc in relation to the qualification of the employee; from the expert down through 8 levels of qualification. Other statistics show; the average cost of a square meter of the gross area of buildings according to the type and size of the building, the cost of design work as a percentage of the cost of the building and the price of detailed planning.

Results cover a complete design service regrouping architectural design and input from engineers. For architectural offices this is still useful as architectural services can be deduced as a relevant percentage of the all-inclusive price. As the EAACEC regards the analysis of the prices of its member companies as objective statistics, they have thus far not had disagreements with the Competition Board.

The advantages and disadvantages of existing or recommended systems.

A well-functioning and unbiased CIS should have a positive influence on the quality of design work and construction, it can:

- help the public sector to produce precise annual budgets for the design and construction of buildings,
- help clients and developers, both in the public and in the private sector, to programme building procurement accurately, with higher quality targets,
- inform organisers of architectural competitions on how to achieve balance between the volume of work required and the fee,
- discourage price undercutting and the production of low-quality projects and buildings,
- give architectural offices a basis for comparison and to some extent protection against price dumping from large entrepreneurs,
- help architects to avoid working long hours.

	FINLAND
How CIS is organised	The Finnish system is not based on construction costs; it is based on the work input needed to complete a project as determined by a recently re-organised Work Input Survey, (WIS). WIS does not yet allow full calculation of fees in a comprehensive way
How it is collected	<p>Before WIS, information was collected from the offices with a poll. The poll was sent by post to architectural offices and the results were collected by mail, fax, etc. Answering the poll was voluntary and results were fed into a database, which was then analysed.</p> <p>Recently, information gathering has been streamlined. Data is fed into the database with a standard web browser. A SQL-database has been built and is available to offices 24/7/365 via internet.</p>
How it is published	Data from WIS will be published as a chart in printed form. WIS data is also published online as a searchable database for the members of the Association of Finnish Architects' Offices ATL. An office can search work input information from the database with multiple, self-selected parameters. The right to use the database is automatic for offices that have contributed information to build the database.
Whether or not fee scales have been compulsory	National competition authorities have banned the fee scales in Finland since 1991. The fee scales have never been compulsory.
The date from which discussions for review have been undertaken	Discussions for review have been undertaken since 1999. Data collection for WIS has been enhanced since 2002 and we are now experiencing rapid development of the system.

The economic and business environment for architects' practice

During the 1990's the business environment in the property sector changed in Finland with developments leading to increased separation of property owners and end users. Nowadays the most common client of the architect is a property developer. This separation has had several impacts:

- The roles of the operators on construction process were partly redefined; architects lost direct contact with the end user.
- The initiator of a project is usually an investor or a contractor (I/C), very seldom the end user of the project.
- The I/C makes profit in the real estate business. All money put into a project is considered as cost, not as operational investments by which the revenue is generated.
- All costs of the project are to be minimised, including the cost of the design.
- The I/C does not relate the impact of the design to the use of the property. I/C sees the design (documents) almost solely as a tool to produce and technically maintain a property.
- I/C risk is that property cannot be sold or leased and interest in the project lasts only up until this transaction.
- In the real estate business, decisions impacting the design of the project are not priority decisions and are left to lower management. Projects are managed and organised by separate construction managers in order to optimise the construction process and to minimise the initial investment.
- The decisions concerning the design are often based on the cost of the design, not to the performance of the design when the property is used.

- Academic research concentrates on technical project management, construction management and cost engineering; the value of design is not emphasised.

The historic development of CIS in FINLAND

During the 1990's there were major setbacks to the architectural profession. First, the national competition authorities banned fee scales in 1991. Fee scales had been almost the only way to define the level of compensation for architectural design and banning these scales came as a surprise to the Finnish Association of Architects (SAFA). Just after the banning of the fee scales, there was a severe economic crisis. This, together with the generalisation of CAD led into mass unemployment of architects. In 1993, roughly 50% of Finnish architects were unemployed.

In Finland, WIS is going to be a tool to define the resources or work input needed to be able to complete the project. The level of compensation is separated from work input. It is up to the office how much they charge on hourly basis. Hourly rates are linked to the wages paid to the architects.

I am very much in favour of the Finnish system because the Person Hours needed to complete a project allows fees to vary since the other factors such as overhead costs, salary costs, allowance for risk and level of profit will always vary depending on the structure of any one architectural service provider. This allows for competition.....The system does encourage an architect to keep much better job records, which the profession generally has been very bad at doing.

John Wright - ACE board member

The advantages and disadvantages of existing or recommended systems.

Advantages include;

- The WIS shows statistics based on the amount of work needed to complete the project. It is easily understood by everybody.
- The WIS is not linked to the financial results of an architectural practice
- It is dependant on the overall national construction process, the average amount of work needed can rise if construction is getting more complicated. This is a reason to charge more and it can ensure that sufficient resources are allocated to the project.
- The WIS can be easily retrieved, organised, monitored and published online
- It can be used as an argument to ensure compensation, and does not have to be linked into the invoicing principle
- It can be a tool to develop the architectural practises a whole.

On the other hand;

- The system demands more monitoring of architectural practice and adds administrative tasks
- WIS does not raise the level of fees, an office can still place extremely low bid

Experience from Finland:

- Actors in the property sector (investors, contractors) are not the primary clients of architects. The primary clients of the architect are end users of buildings.
- Design should always be regarded as an investment, never as a cost. Architects should present their contribution to a project as an investment in the future. Cost must be minimised, investments should be optimised and profit sought.
- Architects should produce solutions and charge for them. Architects should not sell hours.
- The CIS should be a tool to define reasonable resources to complete the project.

	FRANCE
How CIS is organised	<p>Two types of CIS systems coexist in France :</p> <p>Professional organisations (the Ordre des Architectes and the Syndicats) provide and promote a system where costs can be evaluated by time spent on the various tasks that architects undertake. At no point are actual costs provided.</p> <p>In parallel, government has edited guidelines for public contracts for architects and engineers, these guidelines use fee scales that are percentages of construction costs. It is not unusual for public guidelines to be referred to in negotiations for appointments from private sector clients and percentage fees are still widely used by the profession.</p>
How it is collected	If statistical information is collected, it is not readily available to the profession and to the public.
How it is published	<p>Professional organisations have published fact sheets explaining how to calculate fees, a guide to negotiate contracts and calculate the cost of services is available and similar information can be accessed freely on the web site of the Conseil National de l'Ordre des Architectes (CNOA).</p> <p>Standard architect's appointments, edited by the CNOA, contain a section where time charges can be calculated for each work stage and a section where percentage fees apply.</p> <p>Government guidelines have been published in conjunction with the law (loi MOP) regulating contractual relationships between Public bodies and Private practices, be they architects or engineers.</p>
Whether or not fee scales have been compulsory	Fee scales in France are not compulsory.
The date from which discussions for review have been undertaken	The discussions for review have been undertaken since 1986 when the CNOA was criticised by competition authorities for publishing a "Barème" or fee scale.

The economic and business environment for architects' practice

A study undertaken by the CNOA in 2004 to review CPD, highlighted the economic climate in which architects' practice in France. The amount of work available is seen to be increasing, but competition is still very keen. Profound changes are underway and the profession, characterized to date by a large number of single man practices, is regrouping to cope with the increasing complexity of providing architectural services.

Explosion of new legislation: Building design has become reliant on expertise in a wide range of specialist areas in response to new laws governing construction, energy efficiency and even contractual relationships. This situation requires more time to be spent on projects and greater management skills.

Over reliance on public contracts: an inordinate number of practices rely on public architectural competitions to win work. While two stage competitions are systematic for projects of a certain size,

reliance on this source of work is a risk fraught strategy with regularly up to 80 practices chasing the same job. Partnerships with the private sector have also reduced the number of public projects.

Changes in the private sector: New procurement procedures for buildings tend to exclude architects from important parts of the process and traditional sources for regular low risk fees. It is not unusual for large contractors to finance schemes and give limited appointments to architects or for developers to provide site supervision and other services in house.

Lack of market penetration: Some building types receive little input from the architectural profession. This is particularly true of the house-building sector.

International competition: In their own market, French architects face competition from large international practices. Despite this, the presence of French architects abroad is increasing.

The profession is at a crossroads, facing the uncomfortable challenge of reconciling higher expectations from clients for good architecture and increasing competition from outside the profession.

The historic development of CIS in France

The CNOA was created in 1940 by the Vichy government as a measure of consumer protection, true to a long tradition of central government intervention still alive today.

Government fee guidelines were published in 1973 for architects and engineers, based on percentages of construction costs, these were then used extensively for work with private clients. In 1977, a law governing architecture was voted stating in the preamble that architecture was an expression of public interest, making use of an architect obligatory up to building permit applications for constructions exceeding 170m².

CNOA had edited its own percentage fee scale for work with private clients. This was disallowed by competition authorities in 1986 and fined in 1997. No fee scales have been published by architect's organisations since and central state intervened again, by editing new guidelines (based on the loi MOP) for percentage fees on public projects in 1994.

While professional organisations uphold systems where fees are calculated in relation to actual costs as best practice, percentage fees are still widely used.

The advantages and disadvantages of existing or recommended systems.

- Public percentage based guidelines have the advantage of simplicity but architects are only vaguely aware of the cost of the service they provide.
- Systems proposed by professional organisations providing calculation of actual costs, based on time spent on a project, allow better understanding by architects and by clients of how fees are made up.
- They serve as a sounder base for negotiations.
- They allow architects to fix charges freely in relation to the structure of their office and staff.
- They allow monitoring of progress, collection of statistical data and better practice management.
- They do not contravene rules on free competition.
- In general, however, the profession has been slow to adopt these systems.

	GERMANY
How CIS is organised	<p>The German HOAI (Honorarordnung für Architekten und Ingenieure) is a mandatory pricing structure specifying minimum and maximum fee levels for architectural and engineering services. It applies to all those providing the planning services described in this scale, independent from the professional title of the service provider.</p> <p>HOAI recognizes twelve performance profiles of architectural or engineering services, ranging from services related to buildings to town planning and surveying services. As a rule, each of these performance profiles is structured in the same way:</p> <ul style="list-style-type: none"> a) Basis for calculation b) Costed/priced service phases (tasks or missions) c) Table of fee rates <p>Tables of fee rates contain threshold values, intermediate values are to be obtained by interpolation. The tabled values lead to fee bands with minimum and maximum values. For example, simple structures like barns are covered by fee band I, high-tech specialized structures like hospitals by fee band V. The contracting parties (architect and client) may agree in writing on a specific fee rate as long as this fee ranges between the applicable minimum and maximum fees stipulated by the fee tables of the HOAI.</p> <p>If the contracting parties do not explicitly agree in writing on a specific fee rate, the minimum fee rate becomes the standard rate.</p>
How it is collected	Initial surveys date from 1972 to 1977
How it is published	
Whether or not fee scales have been compulsory	HOAI is mandatory
The date from which discussions for review have been undertaken	See below

The historic development of CIS in GERMANY

It took about five years of preparatory work before the first HOAI became valid in 1977. Preparations included an expert study commissioned by the Federal Ministry for Economic Affairs and Employment and executed by the Berlin University, for which purpose the expenditures for thousands of projects had been gathered and evaluated to generate appropriate performance profiles and corresponding fee tables. The HOAI is based on the results of this study. It was issued by this Ministry in Berlin on the grounds of Article 10 of the "Act for improving rent legislation, limiting rent increases and regulating services provided by engineers and architects", which authorises the establishment of a fee system stipulating minimum and maximum fee levels. The Federal Government in agreement with the Federal Council (Bundesrat) passed the Act. Any amendment of this Fee system has to be passed by the Federal Council.

Since 1977, the Fee system has undergone various amendments (1985, 1988, 1991, 1996 and 2002). These amendments were mostly related either to an increase in the fee levels or to an extension of the performance profiles. However, since 1996 the fee values have not been raised, so that for the last decade the fees remained the same. The HOAI is published in official information bulletins and the media of the Federal Republic of Germany; it becomes valid in accordance with statutory regulations for such publications.

In 1999, and in 2000, the Federal Government (i.e. the Federal Ministry of Economic Affairs and Employment) sought the expert opinion of Berlin University in order to reform the HOAI. Even before, public building clients had expressed their demand for a simplified HOAI. The expert opinion was delivered in the year 2000 (the "Statusbericht 2000+") and contained:

- Proposals how to simplify matters;
- Proof of the necessity to raise the table values.
- Confirmation that the HOAI meets the requirements of the Single European Market.

When discussions about fee systems began all over Europe, the German issuing authority, (i.e. the Federal Ministry of Economic Affairs and Employment) was at first reluctant to transpose the proposed amendments of HOAI contained in various expert opinions and would publish its own drafts. As part of a political initiative for "cutting red tape" in 2003, the Federal Minister of Economic Affairs had included the HOAI in a list of dispensable laws and regulations. Despite this, the then active Federal Ministry of Traffic, Building and Housing, which is also one of the major German public building clients, was deeply interested in the preservation and further development of the HOAI. Public building clients argue in favour of the preservation of HOAI because the minimum fee rates help to prevent corruption. For the time being, the Federal Government intends to submit HOAI to a thorough revision with regard to European developments and to a recent meeting with the GD Competition of the European Commission to make the HOAI Europe-proof. Consequently, public interest and consumer protection will have to gain weight in the revised HOAI.

The advantages and disadvantages of existing or recommended systems.

The current broad-based discussion about the preservation of the HOAI is controversial among architects and engineers, even though representatives of architects and engineers largely support the preservation of a HOAI similar to the currently valid one. They are willing to discuss a new format of HOAI only on the condition that the Federal Ministry of Economic Affairs publishes the long-announced draft version of the new HOAI, which should then serve as a basis for further discussion. Up to now, such a draft is not available. The Ministry has only issued oral declarations of intent, which contained specific ideas about the future HOAI. The predominant common position of the profession's representatives seems to be that fee orders have a long tradition amongst architects and engineers. All those involved are aware that the HOAI will change considerably. Some of the services included in the current HOAI could well be excluded from the pricing regulations.

The currently valid HOAI covers only certain core tasks of architects and engineers. The prices for neither project management nor facility management nor expert opinions on preventive fire protection nor many other tasks are regulated by the HOAI. For such tasks not covered by the HOAI, there exist a number of guidelines, which support the contracting parties in calculating the appropriate fees. Apart from such guidelines, the majority of which originated from the AHO e. V. (Board on Fee Orders), Berlin, German chambers and professional associations offer a wide range of seminars and workshops to instruct architects and engineers how to calculate their resources properly.

Although the HOAI has proven to be a reliable instrument for standard building projects, many lawyers, judges and persons involved in fee disputes at court consider the current HOAI in many respects deficient and would have it amended. Furthermore, HOAI contains a legal flaw which would require substantial legal amendments to cure. This flaw is the stipulation that if the contracting parties do not explicitly agree in writing on a specific fee rate, the minimum fee rate becomes the standard rate.

	IRELAND
How CIS is organised	See below.
How it is collected	By statistical survey. See below.
How it is published	See below
Whether or not fee scales have been compulsory	See below
The date from which discussions for review have been undertaken	

The economic and business environment for architects' practice

The last ten years or more has witnessed a boom in construction industry, with architect's resources stretched to the limit. Various tax incentive relief schemes with specific date deadlines have further accelerated the industry at full capacity. Ireland has seen an influx of non Irish architects, mostly from Europe, to meet the demand for architectural services, 50% of all new members of the RIAI are non Irish architects.

Ireland constructed over 85,000 new houses or apartments last year for a population of about four million people, compared to Britain with 180,000 houses for a population of 60 million.

The historic development of CIS in IRELAND

Up to the mid 1980s the RIAI published a recommended fee scale which had three categories of building class; simple, more complex and very complex. The architect's fee, as a percentage, was related to a building cost, exclusive of value added tax, and this percentage diminished as the building cost increased. For existing buildings an additional 25% the fee applied.

From the mid 1980s the RIAI published a survey led fee scale document as consumer information as a guideline for negotiations between client and architect, which was not recommended, minimum or mandatory.

The RIAI commissioned an international market survey company, Millward Brown IMS in 2005, covering the period 2001- 2004 and again in 2006, covering the period 2002-2005, to carryout a fee survey of the 500 RIAI Practices (Individual members were not surveyed).

The RIAI supplied the questionnaire and the addresses of the Practices to the survey company. The survey company issued the questionnaire, received the returns, analysed the information and supplied the graphs and pie charts. The RIAI arranged publication of the results.

Sur les "mercuriales" :

Ce système de statistiques est justement destiné à renseigner le consommateur ; il est en outre un indicateur économique essentiel. ... Une telle initiative viendrait en complément du travail sur les contrats et de celui sur les guides de bonne pratique...

Jean François Susini – ACE President, past president CNOA France.

The Competition Authority produced a report in 2005 on the workings of the architectural profession in Ireland. As part of the report they accepted that fee surveys are an acceptable method of supplying consumer information.

The advantages and disadvantages of existing or recommended systems.

Observations on the Fee Survey.

The fee survey questionnaire is based on a full architectural service, i.e. from initial design through to planning permission to tender, one site inspections, final account approval and certification on compliance. There was only one exception, a partial service for multiple housing and apartments. This service excludes, tender information and on site inspections, but includes certification on compliance.

Is the Fee Survey Accurate?

There was no major variation in the returns of the two surveys carried out to date. The surveys indicate that a number of practices are working for fees that cannot be sustainable, as they are too low. There is a suspicion for such low fees they cannot be providing a full service. It is only by carrying out a continuous number of surveys that their accuracy can be judged.

How has the Survey Information been Received by Architects and their Clients.

The architect will know that charging fees below the average can be perilous and they risk working at a loss. They also know if a client will only pay a fee below the average that will have to consider the option of refusing the commission from the client because they will be working for a loss. From the client's view point they can see the full range of charges and can decide what fee they wish to pay; the average; below the average or above the average.

Why would clients want to pay above the average?

This is why the importance of the architectural service must be explained to the client, if the client is to understand the quality of the service and the architect is to convince the client to pay an average or above average fee. Despite the boom time architects fees cannot be described as either excessive or likely to create wealthy architects over a short period of time. Salaries expected by architectural staff in most cases nullify increased profit.

The construction industry in Ireland is in an un-natural state of full capacity.

If architects cannot make a good living in these conditions they would never survive in an industry in recession. Therefore it is a good time to survey fees for Architects as they were probably never more consistent with architects in constant demand by clients. If the fee survey was carried out in a time of recession it would be more difficult for architects to increase their revenue from a lower base in better times.

	SLOVENIA
How CIS is organised	<p><u>Legislation (Building Act)</u>: “The two chambers (Chamber of Engineers-IZS and Chamber of Architecture-ZAPS) shall prepare a draft of the minimum tariff conditions/fee scale and send it to the ministry for spatial planning and construction matters, who will prepare their comments, obtain necessary opinions from other relevant ministries, and send the coordinated proposal for the fee scale to the Government for adoption.”</p> <p>IZS and ZAPS prepared a draft of the fee scale which was in fact a translation of HOAI. Since fees were too high for the current market situation in Slovenia, ZAPS provided a lower fee scale (around 30% lower) for architects and suggested that IZS to do the same. ZAPS also drastically simplified the fee scale. It is now based on gross m², it has three complexity levels and it allows modification of values $\pm 20\%$ according to the specific conditions of every project. It is also planned to review the fee scale every year and to modify it if necessary.</p> <p>The ministry, however, sent neither of the proposals to the Government for adoption.</p>
How it is collected	ZAPS does not collect data in an organized and formal way. There are occasional consultations with some architects working in practice. ZAPS also collects data from some public procurement tenders, which are usually a part of design competitions.
How it is published	It is on the official Website of ZAPS (www.arhiforum.si), where also an interactive computer programme for calculation is available. The programme is designed as a spreadsheet, which calculates the fixed middle values and allows the architect to modify them $\pm 20\%$.
Whether or not fee scales have been compulsory	Fee scales have not been compulsory, but ZAPS stated that a 50% discount on the presented fees probably means a bad service for the client or some other illegal way of financing and therefore intervenes in such cases based on its Code of Ethics.
The date from which discussions for review have been undertaken	There is almost a continuous debate about the fee scales.

The economic and business environment for architects' practice

Competition principles from Europe produced a strong pressure against any kind of fee scale for architectural services in Slovenia, although fee levels are far below European standards. Present conditions, with a relatively large number of (young) architects and not so much available, aggravate the situation. This results in unpleasant and tough working conditions for architects and in many cases a low level of service and permanent damage to our built environment.

The historic development of CIS in SLOVENIA

In the previous system, the fee scale existed for all type of work, including planning, engineering and architectural services. With the first private initiative and the advent of self employed architects, the system crashed in the mid 80s.

After the Slovenian independence in 1990, the new Engineers Chamber of Slovenia with a Section for Architects was established. The Chamber published the former Yugoslavia fee scales and the government adopted them indirectly since the Chamber was responsible for it by law.

The new Building Act, which is currently in force, established the two Chambers (Chamber of Engineers of Slovenia – IZS, and Chamber of Architecture and Spatial Planning of Slovenia - ZAPS) and gave responsibility to the ministry which resulted in never ending negotiations. There is a new Building Act in preparation, which will probably abolish fee scales.

The advantages and disadvantages of existing or recommended system:

The current system is simple and transparent; it allows (limited) modifications in relation to specific situations. It has not yet been formally adopted by the engineers; nor has it been adopted by government.

Some kind of a fee scale for architectural work is necessary at least for public projects.

ZAPS believes that it is a protection of the investor (consumer) to show middle prices for a regular work and to show the whole list of subprojects needed (transparency). ZAPS also believes that the simplification of the middle fee scale will make it easier to spread it in the market, as was the case with real estate property agents in Slovenia establishing a flat fee of 3% per case (no matter of its size and difficulty). Although there is a general political climate against any kind of fee scales, the government itself needs some kind of reference for public procurement tenders, tax control, court cases, etc

	SPAIN
How CIS is organised	In Spain, we have non binding fees scales. Regional Orders generate them, each with their different content and methodology. These non binding fees scales are covered by law.
How it is collected	Each Regional Order has a technical Commission. To produce fees scales they take historical data into account and revise the content, formula, etc..., continuously.
How it is published	It depends. Some Regional Orders publish their fees scales on their web page. In others, fees scales are communicated to each member.
Whether or not fee scales have been compulsory	Before 1997, there were compulsory minimum fees.
The date from which discussions for review have been undertaken	The Spanish Council has been informed daily about case law coming from Luxembourg, EP Resolutions, activities from the EU and national authorities and there have been discussions at regional and national levels. Now, we have received a formal letter addressed by our national authority asking what we have done to abolish our fees (even if they are covered by law, applying the Luxembourg Court of Justice Case CIF, national authorities can leave "unapplied" this national law if contrary to art. 81 EU Treaty).

The economic and business environment for architects' practice

- Regulated professions represent the 8.8% of the GDP.
- Self-employment is the predominant labour relation.
- Taking into account both self-employed and salaried professionals, architects represent the 1.6% of the professionals nationally (including all kind of professionals, regardless of their diploma)
- Salaried architects are the professionals suffering least unemployment. Architecture is one of the professional activities in which the rate of unemployment is being reduced.
- Salaried architects represent 30% of all architects.
- The average wage for salaried architects is 41,000 euros.
- Architects' fees represent a minimum percentage of total works costs.

The historic development of CIS in SPAIN

The Royal Decree of 25 dec 1977 approved compulsory fees. Afterwards, by Law 7/1997 they were substituted by indicative fees, not binding ones, established in the Statutes of the CSCAE and the Orders of Architects.

Indicative fees consider the volume of the work, training, knowledge, dedication and necessary costs for the correct development of a professional commission of architecture. They are also intended to serve as a guide for architects, private clients and public administrations when estimating the fees corresponding to the professional activity of architects.

The advantages and disadvantages of existing or recommended systems.

The existing system provides:

- Guidance to architects. Especially to young architects and architects changing their activity or enlarging the scope of their market.
- Information to clients (“asymmetry principle”)
- Information for Courts of Justice: to arrange case law concerning fees and to inform them about fees to be paid for expertise.
- Public procurement with a means to fix the basic prices to launch competition.
- A means to estimate deviations in urban-planning
- Information for professional insurance institutions.

There are no disadvantages, for now, although there are some problems with competition authorities.

CONCLUSIONS

We have seen that in several parts of Europe, architects and their professional bodies have reacted to a changing environment by seeking alternative methods to calculate costs. The recommended CIS that result are as diverse as the difference between architectural practice in the 27 member states.

There are however trends that emerge:

A first group of countries, including Spain and Germany and to a certain extent France, has fee scales supported by government bodies. Others, such as Ireland, recommend CIS that relies on the collection and the publishing of historical data.

I strongly believe in competition advocacy as a tool for promoting voluntary change, which requires an open and constructive exchange of views between DG Competition and all the professional organisations concerned.

Zsuzsanna Jambor – Head of Unit, Distributive trades and other services, DG competition European Commission

A small group, Finland, Austria, France and more recently Belgium are evolving towards more complex models of CIS that enable architects to calculate fees with reference to actual costs incurred and expected profit margins of the individual practice bidding for work.

In new accession countries, such as Slovenia and Estonia, the profession is confronted with the harsh reality of pressure from competition authorities and needs to find solutions.

Collectively, we require better understanding of the present situation so that the profession can learn from the large variety of experiences and promote best practice. This understanding is what this survey attempts to seek by a comparative analysis of the situation in nine EU countries as a first step in a quest to establish acceptable CIS, acceptable for competition authorities, but more importantly acceptable for clients and for architects themselves.

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