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Competition Authority,
Parnell House,
14 Parnell Square,
Dublin 1.

5th January 2004

**Re: Study of Competition in Professional Services in Ireland:
Consultation Document 2 - Architects**

Dear Mr. Irvine,

I set out my comments in relation to the above.

My replies to the questions raised are on the attached document. As regards overall situation I comment as follows:

- (a) The primary purpose of the RIAI is to represent its members. As an organisation it has helped to improve the quality of architecture in the country. However, it is the dominant body representing architects and has engaged in anti-competitive practices.
- (b) The biggest issue from my perspective has been the lack of fee competition for the services provided.

Clients do not in a significant percentage of cases (possibly in the order of 30-40% of cases) obtain appropriate quality services at competitive fees. The use of percentage fees and fee scales has been unsatisfactory. Percentage fees should be discouraged. One reason for the use of percentage fees is that when appointing an architect often the size and nature of the project is unclear.

Where possible fees should be fixed. Alternatively the fee should be related to the size and type of project. Fee should be on a square meter basis, or based on the number of units e.g. the number of houses. Where there is a significant change in the scope of a project an appropriate fee should be agreed in advance between client and the architect.

It is critical that the fee is linked to the specific services to be provided and the quality of these services.



I would welcome an opportunity to discuss some of the issues regarding the above.

Yours Faithfully,

John O' Connor
Executive Manager

Response to the Competition Authority
“ Study of Competition in Professional Services in Ireland:
Consultation Document 2” – Architect

Replies to Consultation Questions

- Q1:** Yes, in the substantial number of cases. The one unsatisfactory aspect is that fee competition for the services is not normally considered in making the selection. A architectural practice is selected and then fees are negotiated.
- Q2:** No. It is not appropriate that the RIAI organises competitions. It would be appropriate for RIAI to provide advice and guidance on running competitions. In organising competitions it would appear that they do not take adequate regard statutory procurement procedures.
- Q3:** Yes, substantially. In relation to buyers who have experience and knowledge of architecture there are three distinct groups of buyers.
- The state, state bodies and local authorities etc.
 - Companies engaging architects for building work related to their business.
 - Developers / building contractors who engage architects.
- The group that ensure the greatest level of competition among architects is where the client is the developer/ builder. This area of the market is the only one that approaches true competition.
- Q4:** Comments are restricted to local authorities.
In the majority of cases local authorities architects are involved in selecting architectural consultants. The general approach is not for fee competition. The architects making the selection may also be members of RIAI.
- Q5:** Membership of the RIAI can be one signal of quality.
- Q6:** No. Certificates of compliance can be restrictive in what they cover. Often the certificate only covers design and not construction.
Certificate would need to cover both design and construction, and be based on a level of inspection during construction. The person giving the certificate would also require adequate and relevant insurance cover. References should be made to the requirements for approved inspectors under the British Building Regulations.

- Q7:** The addition of part time courses from architectural technicians to undertake architecture would be important.
- Q8:**
- Q9:** Well qualified architectural technologists are as competent in relation to giving an opinion of compliance. These are some restrictions on them giving opinions of compliance.
- Q10:** Ideally a national state organisation (National Building Control Authority) should be established for the purpose. In the absence of the Department of the Environment, Heritage and Local Government would be the most appropriate.
- Q11:** Yes, It is worth noting that another important idea regarding indemnity insurance is the excess figure stated, e.g. only claims over €0.2m.
- Q12:** Yes.
- Q13:** Increase Costs.
- Q14:** Size and type of project being undertaken.
A completely different approach than having design consultants having professional indemnity insurance is to have specific project insurance taken out.
- Q15:** The establishment of an independent complaints body for all professional services should be considered.
- Q16:** Fee scales are still being referred to and are being used.