

## **OUR STEWARDSHIP**

Dear Noble Colleagues,

As part of our effort toward caring for the welfare of our teeming members, one of the tools that cause the bane of internal rancor among members is the issue of our professional scale, which many have found unrealistic in our present day economic realities and in terms of best practice all over the world.

After serious arguments and various submissions, we found it necessary to constitute a committee to work on a scale of professional charges that would be embraced by all and will provide a level playing field for all members in both private and public sector job biddings.

Dear Noble Colleagues, as part of the recommendations of the Committee, therefore we hereby present their findings and proposal to you for your comments and likely critique to lay to rest the issues arising from our Professional scale. My noble colleagues, please note that this proposal is not cast in stone as we are on a quest to get the best for us all. Your input is therefore meant to improve the quality of this committee's effort. Afterall, in the multitude of counselors, there is safety, as the Bible says.

I wish to use this opportunity to thank members of the committee for their doggedness and passion for our dear institution, we salute your courage, Noble colleagues.

We hereby present the report as follows:

### **DRAFT REPORT OF THE NIESV PRESIDENTIAL COMMITTEE ON THE REVIEW OF SCALE OF PROFESSIONAL CHARGES FOR PROFESSIONAL ESTATE SURVEYING AND VALUATION SERVICES OF NOVEMBER 2014**

#### **1.0 MANDATE**

The mandate of the Committee as explained by the NIESV President is specifically to review the said Scale of Professional Charges in line with contemporary realities in Nigeria and consistent with global best practice.

## **2.0 METHODOLOGY OF WORK**

### **2.1 Sourcing for Inputs and Materials**

To facilitate its work the Committee through its members reached out to Noble Colleagues within the Town and Gown arms of the Professional Estate Surveying and Valuation family for inputs and materials. The Committee also reached out to other professional bodies and groups within and outside Nigeria to form a reliable basis for comparison and ensure realistic remuneration for the practicing Estate Surveyor and Valuer at all levels.

The combination of these efforts yielded inputs and materials which served as useful guide for the work of the Committee from following sources:-

1. NIESV Scale of Charges of 2001, 2009 and 2014.
2. Nigerian Bar Association (NBA)
3. Institute of Chartered Accountants of Nigeria (ICAN)
4. Nigerian Institute of Architects (NIA)
5. Nigerian Institute of Builders (NIOB)
6. Nigerian Institution of Surveyors (NIS)
7. Nigerian Institute of Quantity Surveyors (NIQS)
8. Nigerian Institute of Town Planners (NITP)
9. Computer Professionals Registration Council of Nigeria
10. Professional Scale of Fees for Consultants in the Construction Industry (April 1996)
11. Public Procurement Act (PPA) 2007
12. Development Network Africa on Fees Charged by South African Professionals.
13. Construction Industry Development Board of South Africa
14. South African Department of Public Service and Administration.
15. Engineering Council of South Africa.
16. The South African Council for the Quantity Surveying Profession
17. The South African Council for the Architectural Profession.
18. The South African Council for the Project and Construction Management Professions.
19. South African Guideline Tariff of Fees.
20. Mediterranean Journal of Social Sciences.
21. The Royal Institution of Chartered Surveyors (RICS)
22. Royal Institute of British Architects (RIBA).
23. Bank of Ireland Mortgage Bank

24. Harvard Business Review.
25. American Bar Association's Model Code of Professional Responsibility.
26. Alliance of Institute of Electrical and Electronics Engineers of USA.
27. UCLA School of Law Research Paper.
28. California Medical Association.
29. Institution of Engineers Sri Lanka.

### **3.0 OBSERVATIONS**

1. The Committee recognizes:-
  - i. that the principal duty of any professional is to service the wellbeing of his/her clients and the community rather than mere monetary gain;
  - ii. that in discharging his/her duties, the professional must charge sufficient fees in order to serve the client well and better preserve the integrity and independence of the profession.
  
2. The Committee notes:
  - i. that the call in some quarters for open-ended deregulation of the Professional Charges for Estate Surveying and Valuation Services cannot be sustained under the present level of our national development as it would be prone to avoidable abuses that would grossly injure our profession and Noble Institution;
  
  - ii. that in determining the Scale of Charges:
    - public interest must be served;
    - the Scale of Charges must not be excessive but should provide for fair and reasonable remuneration for the professional service(s) rendered; and
    - clients should be provided with services not only at a fair market-related cost but also at a cost which reflects adequate compensation that enables the Estate Surveyor and Valuer to render a good quality service.
  
  - iii. that the client employs the services offered by the Firm/Practice/Consultancy as constituted by the Partner(s) and Employees of the Firm/Practice/Consultancy, not the dichotomy of Associates and Fellows as recognized by the professional body; the Committee accordingly relates the

fees payable to services offered by the respective Partner(s) and Employees of the Firm/Practice/Consultancy.

- iv. That the suggestion in some quarters for the updating of the 1996 scale by applying a “World Bank or CBN Rate” (multiplier) cannot be substantiated and so was discountenanced.

### **THE SCHEDULE OF FEES**

In arriving at the Schedule of Fees chargeable for the Professional Estate Surveying and Valuation Services the Committee segregates the fees chargeable into Public Sector (PS) and Private Sector (PRS) briefs, given their peculiarities in content, scope and payment terms.

Accordingly, the following Schedule is hereby proposed:-

#### **1. Public Sector Valuations (PSV)**

##### **(a) Public Sector Valuations 1 (PSV1):**

These include:

IPSAS-based, Assets Declaration, Insurance, Stocks and Shares, Mortgage Valuations.

Scale proposed is the Man/Hour Scale in line with Public Procurement Act 2007, Central Bank of Nigeria (CBN) and World Bank (WB) and other extant standards thus;

<b>PROPOSED MAN/HOUR RATES</b>	
Partner ...	N50 000/hr
Associate Partner...	N40 000/hr
Surveyor...	N25 000/hr
Graduate Surveyor...	N15 000/hr
Support Staff:	
Senior...	N10 000/hr
Junior...	N5 000/hr

##### **(b) Public Sector Valuations 2 (PSV2):**

These involve Financial Reporting Council of Nigeria (FRCN)-based Valuations.

Adopt the Sliding Scale rates thus:

<b>VALUE (N)</b>	<b>FEE PAYABLE AS PERCENTAGE OF VALUE</b>
Up to N1.00 million, or part thereof	N50 000.00
Next N5.00 million, or part thereof	2.0%
Next N15.00 million, or part thereof	1.50%
Next N30.00 million, or part thereof	1.00%
Next N50.00 million, or part thereof	0.75%
Next N100.00 million, or part thereof	0.70%
Next N200.00 million, or part thereof	0.50%
Residue	0.20%

**(c) Public Sector Valuations 3 (PSV3):**

These include:

- i. Compulsory Acquisition and Compensation Claims, including Valuation for Spill Damage and Remediation;
- ii. Valuation for Rating; and
- iii. Valuation of Chattels, Moveable Assets, Furniture, Fixture and Fittings.

Fee proposed is ... **10%** of Value Determined or Compensation Payable.

**(d) Public Sector Valuations 4 (PSV4):**

These refer to Assets verification, an exercise that involves mere verification of assets that have already been valued.

Fee proposed shall be based on Volume Billing mode subject to a minimum of **₦50,000=** of Verified Value.

**(e) PSV 5: Valuation of Plant and Equipment.**

Fee proposed... adopt Man/Hour Scale as in PSV1 above

**2. Public Sector General Services (PSGS)**

**a) PSGS 1: Project Management.**

Adopt Sliding Scale thus:

<b>COST OF PROJECT (N)</b>	<b>FEE PAYABLE AS PERCENTAGE OF COST OF PROJECT</b>
Up to N10.00 million, or part thereof	N300 000.00
Next N20.00 million, or part thereof	3.0%
Next N30.00 million, or part thereof	2.50%
Next N40.00 million, or part thereof	2.0%
Next N50.00 million, or part thereof	1.50%
Next N100.00 million, or part thereof	1.00%
Next N200.00 million, or part thereof	0.80%
Residue	0.50%

b) **PSGS 2: Property/Estate Audit** (including Integrity Tests).

Adopt Man/Hour Scale. As in PSV1 above.

c) **PSGS 3: Feasibility & Viability Appraisal.**

Fee is to be negotiated subject to a minimum of **N50,000=.**

d) **PSGS 4: Property Management.**

Fee proposed... **10%** of Gross Rent Payable.

e) **PSGS 5: Facility Management.**

Fee proposed... **10%** of cost of Annual Services.

f) **PSGS 6: Letting/Real Estate Brokerage/Agency.**

Fee proposed is ... **10%** of Gross Rent Payable, or Gross Proceeds of Sale/Purchase.

g) **PSGS 7: Land Information Systems & Land Administration/ Land Use Titling.**

Fee proposed... Negotiable, subject to the minimum of N100 000.00.

h) **PSGS 8: Rural Land Management.**

Fee proposed... Negotiable, subject to the minimum of N100 000.00.

i) **PSGS 9: Rent Recovery.**

Fee proposed... 15% of Gross Rent Recovered.

j) **PSGS 10: Expert Witnessing.**

Fee proposed... N200 000.00 minimum for first appearance and N100 000.00 minimum for each subsequent appearance, if Partner; N150 000.00 minimum for

first appearance and N75 000.00 minimum for each subsequent appearance, if Surveyor-Employee.

**k) PSGS 11: Litigation & Arbitration.**

Fee proposed shall be subject to extant Law on Arbitration in Nigeria, e.g Arbitration and Conciliation Act CAP A18.

**l) PSGS 12: Preparation of Schedule of Dilapidation and Repairs.**

Fee proposed is ... **10%** of the Cost of Repairs.

**m) PSGS 13: Environmental Impact Assessment**

Fee proposed... adopt Man/Hour Scale (ESV is a stakeholder in charge of the Social and Economic impact mitigation of the EIA Report).

**3. Private Sector Valuations (PRSV)**

**a) PRSV 1: Financial Reporting Standard (FRS) Valuations**

Scale proposed... adopt Sliding Scale as in PSV 2.

**b) PRSV 2: Valuation for Insurance for Individuals and/or Companies.**

Fee proposed... 25% of Premium payable.

**c) PRSV 3: Securing Power of Attorney for Compensation Claims.**

Fee proposed... 10% of Gross Compensation payable.

**d) PRSV4: Mortgage Valuations.**

Fee proposed... up to N50.00 million, or part thereof, charge N50 000.00 only; Next N50.0 million, or part thereof, charge N80 000.00; for Value worth more than N100.00 million, charge based on Man/Hour Scale and issue full report.

**e) PRSV 5: Assets Declaration... Individual or Court-directed.**

Fee proposed... adopt Scale as in PRSV 4.

**f) PRSV 6: Stock of Goods**

Fee proposed... adopt as in PRSV4.

**g) PRSV 7: Probate Valuation.**

Fee proposed... adopt Scale as in PRSV4.

**h) PRSV 8: Valuation of Shares & Goodwill.**

Fee proposed... adopt Scale as in PRSV4.

**i) PRSV 9: Plant and Equipment Valuation:**

Fee proposed... adopt Man/Hour Scale as in PSV5.

**4. Private Sector General Services (PRSGS):**

**a) PRSGS 1: Letting/Real Estate Brokerage/Agency.**

Fee proposed... adopt Fee as in PSGS 6.

**b) PRSGS 2: Property Management.**

Fee proposed... adopt Fee as in PSGS 4.

**c) PRSGS 3: Facility Management.**

Fee proposed... adopt Fee as in PSGS 5.

**d) PRSGS 4: Project Management.**

Fee proposed... adopt Sliding Scale as in PSGS 1.

**e) PRSGS 5: Environmental Impact Assessment.**

Fee proposed... adopt Man/Hour Scale as in PSGS 13.

**5. Abortive Work**

Where in the course of work the client terminates, or decides to terminate the work, or the work is in any way frustrated from completion, after both the client and the Estate Surveyor and Valuer have entered into a valid contract to undertake the work, the client shall pay for the abortive work undertaken by the Estate Surveyor and Valuer as at time of such termination, or notice to terminate, as shall be assessed and agreed by both parties and shall be deducted from the Mobilization/Commitment Fee earlier paid by the client, provided the Estate Surveyor and Valuer shall not, out of negligence or incompetence, be the reason for the termination or frustration of the work.

**6. Reimbursible Expenses**

In all cases, whether a Public Sector or Private Sector brief, recoverable expenses and costs shall be paid separately outside the professional fees by the client to cover expenses incurred on such items as transportation, Board and Lodge, engagement of specialist inputs, production of extra copies of reports, photographs, these items of expenditure having been agreed with client before commitment, and which charge shall not exceed 20% of the Gross Professional Fee Chargeable.

**RECOMMENDATIONS**

1. This report should be widely circulated for comments and reaction of a wider spectrum of Colleague Estate Surveyors and Valuers prior to its adoption.
2. Monitoring mechanism should be put in place for enforcement of compliance by all with this Scale of Professional Charges when eventually adopted, and severe penalties should be meted out to offenders to compel compliance.



3. ESVARBON should ensure the adopted Scale is formally gazetted for ease of recognition and effect.
4. Specific training programmes/seminars should be carried out to effectively educate Estate Surveyors and Valuers on the use of the Scale of Professional Charges.
5. Estate Surveyors and Valuers should always resist any pressure to start work unless and until proper and enforceable contract has been properly signed with the client to avoid all unsavory consequences of wasted efforts and resources.

### **MEMBERSHIP**

Membership of the Committee, named Fees Technical Committee, comprises the following Noble Colleagues:-

1. ESV Niyi Livingstone Iyanda, FNIVS... Chairman;
2. ESV David Maseli, FNIVS... Member;
3. ESV Solomon N. U. Mkpese, ANIVS... Member;
4. ESV Elijah Olapade, ANIVS... Member;
5. ESV Adeyemi Williams, ANIVS... Member; and
6. ESV Olalekan Akinwumi, ANIVS... Member/Recorder.