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# 6. Australian institute of quantity surveyors (AIQS) forms

## General

AIQS forms adopted by the Department of Health and Human Services to reflect its project development processes. These amendments are shown in the departmental cost plan proformas.

Other cost plan elements are generally required as detailed in the AIQS *cost control manual*.

## Allowances

The amounts, shown below as percentages, should get adjusted during the development of a project. For example the design contingency may only be required during schematic design stage and be reduced by half at design development and disappear altogether by the time project documentation is complete.

The allocation set out below is to be used as a rough guide for project budgets at the time a project is initially considered:

<b>Building works (net)</b>	
Consultants (varies with type, size and complexity)	12%
Time related costs (prolongation and escalation) per annum	3-5%
I.T. and communications	5%+
FFE (lower refurbishment based on reuse of items)	8-15%
Contingency (see notes on contingency)	7-20%
Energy and existing infrastructure upgrade	5%
Management support (agency in-house resource)	0.5-1.5%
<b>TEI</b>	<b>100%</b>

- Contingency is a key element to be established and managed by the project control group to ensure the project is constructed appropriately and within the allocation provided by the Department of Treasury and Finance. In order to achieve this it should be recognized as comprising the following elements:
  - design stage 3-5 %
  - construction stage
    - new works 4%
    - generally 8%
    - heavy refurbishment 15%.
- Individual project characteristics will need to be considered and allowances may be required for items not included such as commissioning, demolition, external work and special site related costs, e.g. asbestos or soil contamination.
- Recurrent costs for energy consumption and building operating costs should be carefully considered and reported upon at the appropriate stages of planning and design. Cost consultants are to provide required information progressively for the capital works projects in accordance with the categories set out above and the planning and development guidelines.

## Specific allowances

The nominated percentages in this section represent recommended maximum allowances and are generally expected to be lower. Where these recommendations are exceeded justification, is required.

### Design contingencies (codes 1-45)

The quantity surveyor determines the percentage value at the outset according to the nature and quality of information available. This allowance decreases with the progression of each stage of documentation and must disappear entirely at design development and the documentation stage, which utilise cost plan D.

Design contingencies are subject to project specific requirements; normal allowances for relevant stages are as follows:

- master plan 5%
- feasibility studies 4%
- schematic design 3%
- design development 1.5%.

## Locality allowance

This allowance is expressed as a percentage of the previous elements and is added to take account of factors such as the cost of transporting materials and labour and/or the loss of competition that can occur in isolated areas or site-specific issues such as confirmed access.

## Contract contingencies

This allowance is for adjustments or variations during construction and would not normally exceed five percent (5%) for new work and eight percent (8%) for refurbishment work. It is intended to cover all unknowns and is monitored respectively by the project manager, governance group and the Department of Health and Human Services.

## Prolongation costs

At all stages of cost planning, the cost manager shall make an allowance for time related costs in respect of authorised extensions of time under the general conditions of contract.

## Loose furniture and loose equipment

All bench-mounted, mobile or other special equipment, loose furniture and furnishings shall be allowed for separately and scheduled in conjunction with the service provider.

The cost manager shall include all fitments fixed to or connected to services within a building in the cost plan - elements 15 and 16, fittings. Refer to the example of area schedule.

Generally, a budget allowance for loose furniture and equipment is as follows:

	<b>New service</b>	<b>Existing service (redevelopment)</b>
Hospitals	8%	4%
Community services	7%	3.5%
Aged care	8%	4%
Residential / CCUs	6%	3%

## Professional fees

Professional design documentation and supervision fees vary according to the size, nature and location of a project. For budgetary purposes, these fees for standard projects with normal procurement models would normally not exceed 12 per cent. In projects involving the appointment of a project manager total fees may be up to 14 per cent. This may need to be reviewed on a project by project basis.

## Other costs

- 1 Restricted programs  
An allowance should be added to the project cost to cover actions, which restrict the usual construction program. For example, where the principal, as a consequence of the need to maintain an existing facility in continuous operation can only allow partial occupation of areas of the building, then the quantity surveyor must add an allowance to cover the restricted program. Similarly, where there are restrictions in gaining access to the site, an allowance should be added to the project cost.
- 1 Market conditions  
If the cost manager sees fit to adjust the estimate based on current market conditions, this allowance, should be included in cost plan D under other costs.

## Site allowances

The cost manager should make an allowance in preparing cost plans to cover costs associated with site agreements and industrial conditions affecting the site and the project. These should be constantly revised to reflect industry trends.

## Escalation to tender

Escalation is applied to the base cost in accordance with a recognised industry building price index (BPI). The consultant shall clearly identify anticipated BPI to be used in consideration of future costs.

## Rise and fall

An estimate of the rise and fall component during construction, for cost planning purposes, can be calculated as follows:

The project base cost should be used. In determining the anticipated Total Estimated Investment (TEI), the cost at the time of submissions should be first indexed up to the proposed tender date. Subsequently, the rise and fall component is added to the value of contract works, based on the escalation calculated on the anticipated BPI's discounted by a factor of 0.6. As the actual BPI's are established, the escalation and rise and fall components should be adjusted.

The following example indicates the use of BPI figures for estimation at an early stage of the project. When detailed cost plans are produced, separation of furniture and equipment allowances and fees component would occur to provide a more accurate reflection of the actual situation.

For example:

Proposed tender estimate	\$5.80M
(Jan 96 BPI 115)	
Anticipated completion date	\$6.81M
(Jan 98 BPI 135)	
Anticipated total	\$1.01M
(Increases during construction)	
Anticipated rise and fall	\$0.61M
(0.6 x \$1.01M)	
Anticipated TEI	\$6.41M
(Jan 98)	