

WHAT DOES IT COST TO HIRE A CONSULTANT?

Purpose of this paper

The types of projects that require the engagement of a specialist arts consultant are diverse, and there is a wide range of options available for engaging and contracting consultants for these projects. At one end of the spectrum, a client invites a range of consultants to competitively respond to a predefined brief with a written submission that includes a fixed lump-sum fee bid; at the other end, a client approaches and negotiates directly with a consultancy practice and, through a process of offer and counter offer, they jointly define the scope, objectives and an agreed fee structure for the consultancy engagement. Whilst these examples illustrate the contrasts that can be encountered, a common requirement is that both parties have to agree on the scope of the engagement and a specified fee payment. The following comments are offered to inform that process.

It Shouldn't Be A Secret

Most clients prefer not to disclose the budget for a consultancy project when issuing RFPs, EOI, and Tenders. Presumably it is assumed that consultants will raise their estimates to match the stated budget.

In reality most consultancy budgets are too low to allow for an engagement that effectively and appropriately deals with the brief, thus it is better to address these issues from the outset.

Experience indicates that most fee submissions from consultants are over budget; therefore withholding budgets allocated to consultancy engagements may lead to speculation and confusion that wastes both consultants and clients' time.

Information on budgets

The Institute itself offers guidance on suitable budgets for types of project. To obtain this information go to the Institute's website at www.iiac.com.au and then look up the members' pages for a consultant with experience of your type of project, make contact and ask them what other projects of their experience have cost. Alternatively, the Department of Culture and the Arts through either the Planning and Policy Division or

ArtsWA can offer advice. Finally, many Local Authorities have experience of such projects and their advice will also be useful.

Fee Calculation

Consultants may calculate their fees using the following methods;

an hourly, daily or weekly rate set against an estimate of time;

or

a fixed sum fee for a specified project or process.

Whilst most consultants will agree to quote a fixed sum, this is usually arrived at after an estimation of the time it will take to deliver the required tasks. The price may vary if there is a major variation to the brief.

Costs

As a guide the Institute has advised Members to have a minimum hourly rate of \$150 per hour (plus GST).

Disbursements

Some Arts Consultancy engagements incur costs directly related to their execution but are clearly beyond the consideration for time and overheads that normal hourly rates represent.

Examples of the cost that may be incurred but need to be allowed for in addition to consultant fees include:

Fees and disbursements to sub-contractors for specialist support;

Report duplicating and binding costs, beyond those specified in the brief;

public meetings, seminar and workshop costs e.g. Catering and hire of venue;

and, the cost of any long distance travel and accommodation incurred in the discharge of the consultancy work.

It is advisable to discuss this issue when engaging a consultant.

Phased payments

Typically payments for services are made at agreed milestones through the project. The percentages of each stage can be discussed and if the project incurs considerable

expense on the part of the consultant then a significant initial payment is appropriate. Consultants may reserve the right to adjust the interim payment schedule where there are delays to the project that are beyond their control.

ENDS

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