

## **AIAC CIPAA CIRCULAR 02**

(Previously issued as KLRCA CIPAA CIRCULAR 02)

### ***CIRCULAR ON AIAC'S RECOMMENDED SCHEDULE OF FEES (Amended as at 1<sup>st</sup> August 2014)***

The Construction Industry Payment and Adjudication Act 2012 ("CIPAA") and Construction Industry Payment and Adjudication Regulations 2014 ("Regulations") came into effect on the 15<sup>th</sup> April 2014.

The Schedule of Fees under the Regulations sets out the standard fees for services and expenses of an adjudicator as imposed by the Ministry of Works.

The AIAC is of the view that the schedule of fees under the Regulations may not be reasonable enough to attract qualified and experienced people capable of working under the very tight deadlines imposed by the CIPAA 2012.

The AIAC highlighted its concerns to the Ministry of Works that should the scale fee be set too low there is a high likelihood that the selected adjudicator will try to negotiate with the parties to agree on a reasonable fee acceptable to the selected adjudicator, and decline the appointment if such an agreement cannot be reached. However, the Ministry of Works did not incorporate our comments and concerns in the imposition of the standard fees under the Regulations.

Therefore the AIAC recommends an alternative adjudicator fee schedule to reduce the likelihood of adjudicators declining appointment due to the low fees. The recommended adjudicator fees takes into account

factors such as the quality of professionalism required of an adjudicator, the timeline within which an adjudicator will be required to complete the adjudication as well as the claimed amount involved in an adjudication.

The adjudicator and parties can agree to adopt the AIAC Recommended Schedule of Fees at any time during the negotiations of the adjudicator's terms of appointment and fees chargeable.

### 1. AIAC's Recommended Adjudicator Fee Schedule is set out below:-

#### 1.1 AIAC's recommended adjudicator fee schedule -

Amount in Dispute (RM)	Adjudicator's Fees (RM)
Up to 150 000	8,400
150 001 to 300 000	8,400 + 3.5% of excess over 150 000
300 001 to 800 000	13,650 + 1.3% of excess over 300 000
800 001 to 1 300 000	20,150 + 1.25% of excess over 800 000
1 300 001 to 1 800 000	26,400 + 1.1% of excess over 1 300 000
1 800 001 to 2 300 000	31,900 + 0.7% of excess over 1 800 000
2 300 001 to 2 800 000	35,400 + 0.5% of excess over 2 300 000
2 800 001 to 3 300 000	37,900 + 0.683% of excess over 2 800 000
3 300 001 to 5 000 000	41,315 + 0.65% of excess over 3 300 000

Amount in Dispute (RM)	Adjudicator's Fees (RM)
5 000 001 to 10 000 000	52,365 + 0.365% of excess over 5 000 000
10 000 001 to 15 000 000	70,615 + 0.38% of excess over 10 000 000
Over 15 000 000	89,615

- 1.2 Adjudicator fees to be paid by the parties as directed by the adjudicator.
- 1.3 Adjudicator fees prescribed in sub-paragraph 1.1 exclude the 20%\* administrative support fee prescribed in Schedule III of the AIAC Adjudication Rules & Procedure and all taxes as may be imposed by the Government of Malaysia on the fee earned by the adjudicator.

## 2. Expenses

- 2.1 An adjudicator who is required to travel outside his place of residence to conduct a site visit and the like will be reimbursed with an economy class airfare, reasonable mileage claim (as agreed by both parties) or as prescribed by AIAC or any other reasonable fare for mode of transportation (as agreed by both parties) whichever is applicable, subject to the submission of invoice, receipt or in original or such evidence acceptable to the AIAC.

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\* Subject to the latest revision by the AIAC as reflected on [www.aiac.world](http://www.aiac.world)

- 2.2 A *per diem* of RM1800 shall be paid to an adjudicator who is required to travel outside his place of residence to conduct a site visit and the like, whenever overnight accommodation is required. Where no overnight accommodation is required, a per diem of RM900 shall be paid.
- 2.3 The expenses covered by the *per diem* above shall include the following items –
- Hotel accommodation
  - Meals/beverages
  - Laundry/dry cleaning/ironing
  - City transportation (excluding airport transfers)
  - Communication costs (telephone, fax, internet usage etc)
  - Tips
- 2.4 Expenses to be paid by the parties as directed by the adjudicator.

A copy of the AIAC Recommended Schedule of Fees together with the complete set of the AIAC Rules & Procedure can be found at: [www.aiac.world](http://www.aiac.world)

Dated 1<sup>st</sup> August, 2014.



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Director of the AIAC