

Cautionary Note No 9: Avoiding Inducements

Recently we have been advised that a builder has contacted several architects offering the following:

I am contacting you as we are currently doing a promotion for Architects to ensure we have more high-quality projects for the future. We are proposing a sales commission of 2% of contract value on referrals resulting in the contracting (to us). This is genuine and will directly come out of our margin. If this is of interest to you or your company, we look forward to hearing from you.

Architects should not be a party to this sort of thing. Were they to do so, they would be at risk of having breached the Architects Code of Ethics, which could be a basis for disciplinary proceedings.

The Architects Code of Ethics includes requirements as follows:

52 Conflicts of interest

A registered architect must—

- a) avoid any significant conflict of interest; or**
- b) manage any significant actual or potential conflict of interest and disclose it to all relevant parties.*

56 Remuneration and inducements

A registered architect, in respect of the architect's professional activities,—

- a) must be remunerated solely by the fees and benefits specified in the architect's written terms of appointment or employment agreement; and*
- b) must not offer or accept any significant inducement that creates, or may create, a conflict of interest; and**
- c) must not offer any significant inducement to procure an agreement for services or gain an unfair advantage.*

An architect should always be trying to do the best for the client and recommending a builder because of a side payment conflicts with that requirement.

Therefore, the NZRAB's message to architects is explicit and clear – do not enter into any arrangements such as this.



Gina Jones
Chair

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