

PAYMENT ARRANGEMENT

Introduction

B.1.1 This Project comprises:

- (a) a sum of amounts in respect of the “Basic Services” as specified in Sections 1 to 3 of **Annex III - Project Specification**, based on the completed Budget Proposal (referring to Items No. 1.1 to 1.6);
- (b) a remeasurement agreement in respect of the “Additional Services” as specified in Section 4 of **Annex III - Project Specification** for the provision of additional services, based on the completed Budget Proposal (referring to Items No. 2.1 to 2.9); and
- (c) a cost reimbursement agreement in respect of (i) the rental and associated administrative costs as described in Section 2.3 of **Annex III - Project Specification**, and (ii) renovation costs for relocation of the Store(s) (Shop A) or Workshop(s) (Shop B) as instructed or relocation of the Store(s) for approved reasons as described in Section 2.4.1.2 of **Annex III - Project Specification**.

B.1.2 Valuations of ECF Committee or Government Representative’s changes may be made under the Agreement in accordance with the General Conditions of Grant.

B.2 BUDGET PROPOSAL

B.2.1 The completed Budget Proposal sets down the Estimated Expenditure for the Services, including for the avoidance of doubt, the fees for both the Basic Services and the Additional Services.

B.2.2 The Estimated Expenditure in the Budget Proposal shall include for all costs, expenses and overheads for the Operation and the Services executed in accordance with the Agreement and as set out in the Project Proposal.

B.2.3 In the Budget Proposal, the headings, sub-headings and Item descriptions identify the work or services covered by the respective Items referred in the Project, but such descriptions or identifications may not be exhaustive. The exact nature and extent of an item of work or services shall be ascertained by reference to the General Conditions of Grant and **Annex III - Project Specification**.

B.2.4 Item descriptions in the Budget Proposal are in respect of both the Estimated Expenditure and the Unit Cost for the Services and identify the work and services covered by the respective Item, but the exact nature, and the extent of the work and services to be performed are to be ascertained by reference to all the Agreement documents. The Estimated Expenditure set out in the Budget Proposal shall be deemed to be the full inclusive value of the work and services to be carried out under the Project including, without limitation, the following and the cost in connection therewith, unless expressly stated otherwise:

- (a) Allowing for setting up in accordance with **Annex III - Project Specification** and the Operation Plan including, without limitation, the renovation of the premises for setting up the Store(s) and Workshop(s) at the existing location(s) or new location(s) (except in the event of relocation of the Store(s) or Workshop(s) as instructed or for approved reasons in accordance with Section 2.4.1.2 of **Annex III - Project Specification**), setting up the Recycling Spots and Housing Collection Points, the enhancement / reinstatement works, the equipment, the machinery, the furniture, the enquiry hotline, the email account and the dedicated Page set up in social media platforms;
- (b) Operating the Recycling Store(s) for both collection and handling of the collected Designated Recyclables;
- (c) Providing collection Services including the Recycling Spots and the Housing Collection Service;
- (d) Providing and operating the Collection Vehicle(s);
- (e) Providing Additional Services as instructed by the Government Representative, including provision and/or operation of Additional Recycling Spots, Off-site Collection Service, Community Collection Points, Promotional and Educational Activities, Additional Collection Vehicles, decoration of additional Collection Vehicle(s), support to the Government Representative, provision of collection and handling of Designated Recyclables exceeding the Monthly Minimum Targets, provision of customer service at Store(s), and provision of additional operating hours of Store in self-service mode;
- (f) Providing labour, supervisory and managing staff;
- (g) Allowing for developing the Services, including liaison, promotion, training, familiarisation and other related works during the Term;
- (h) Implementing the Participation Incentive Scheme;
- (i) Operating and maintaining the enquiry hotline(s) and the email account(s) for the Services;
- (j) Operating and maintaining the Recycling Store's Page(s) set up in social media platforms;
- (k) Providing regular and ad hoc cleaning and pest control for the Recycling Store(s);
- (l) Not used;
- (m) Liaising with operators of existing and future community recycling programmes operated by the ECF or Government or other organisations;
- (n) Preparing and issuing the publication and promotion items, including, but not limited to, posters, leaflets and computation graphic for promotional purpose;
- (o) Management of the Recycling Store(s);

- (p) Management of the smart recycling devices and visitor counting system(s) provided by the Government Representative;
- (q) Maintenance of the Recycling Store(s), the Collection Vehicle(s) and equipment;
- (r) Repair and replacement of damaged or lost equipment and furniture in the Recycling Store(s) or for the Services;
- (s) Supply, transportation, handling and storage of recyclables, goods and materials;
- (t) Supply and payment of utilities, including utilities for the Recycling Store(s);
- (u) Compliance with enactments and regulations;
- (v) Compliance with environmental requirements;
- (w) Compliance with Operational Performance Requirements;
- (x) Carrying out the Services in a manner to eliminate health and safety risks and hazards;
- (y) Providing training courses in respect of safety and operation of the Recycling Store(s) to the staff engaged in the provision of the Services;
- (z) Carrying out the operation in an efficient, clean, hygienic, safe, nuisance-free and environmentally sound manner;
- (aa) Maintaining a tidy environment for the public and users of the Services;
- (bb) Preparing, submitting, complying with and updating the Operation Plan;
- (cc) Preparing, submitting and complying with the supervision plan and human resource plan;
- (dd) Complying with personal data privacy requirements;
- (ee) Handling incidents, complaints and enquiries;
- (ff) Keeping records;
- (gg) Reporting;
- (hh) Providing security measures;
- (ii) Dealing with emergencies;
- (jj) Recycling waste materials arising from the Services, and disposing of residues to any approved waste disposal facility (including any landfill or waste disposal charges, and any levy, charge or fee which may be imposed on the Operator in relation to the provision of the Services under any applicable law and regulation);
- (kk) Obtaining and complying with dangerous goods licences for the storage of dangerous goods, as required;

- (ll) Notifying, arranging submissions, making arrangements, coordinating, and liaising with all relevant Government Departments, authorities, representatives of interface contracts listed in **Annex III - Project Specification**, or other interested parties to obtain and maintain licences, permits, authorizations, consents and agreements necessary for the commencement and execution of the Services, including the costs of obtaining licences, permits, authorizations, consents and agreements, and complying with the terms and conditions of such licences, permits, authorizations, consents and agreements;
- (mm) Disposal and replacement of any unserviceable materials or equipment;
- (nn) Allowing for handing the operation over to a subsequent operator;
- (oo) Handing over the operation at the end of the Term in a manner suitable for continued operation of the Recycling Store(s); and
- (pp) All liabilities, insurances, obligations, and risks involved in the execution of the Services that are set forth in or reasonably inferred from the Agreement.

B.2.5 The Operation Fees payable by the ECF shall be calculated as below:

Item code	Items for which Operation Fees are payable by the ECF	Calculation of Operation Fees
(a)	Except in the case of GREEN@ABERDEEN and GREEN@TSING YI, the amount payable for submission of rental proposals for Store(s) and Workshop(s) as described in Sections 2.2.2 and 2.2.4 of Annex III - Project Specification to the satisfaction of the Government Representative; in the case of GREEN@ABERDEEN and GREEN@TSING YI, the amount payable for submission of rental proposals for the Workshop as described in Section 2.2.4 of Annex III - Project Specification to the satisfaction of the Government Representative	10% of the amount quoted in Item No. 1.1 of the Budget Proposal
(b)	the amount payable for submission of the renovation plan and product schedules for Store(s) and Workshop(s) as described in Section 2.2.6 of Annex III - Project Specification and the renovation guideline to be provided by the Government Representative upon Project Commencement Date to the satisfaction of the Government Representative	10% of the amount quoted in Item No. 1.1 of the Budget Proposal
(c)	the amount payable for completion of setting up the Store(s) and Workshop(s), as described in Section 2.2 of Annex III - Project Specification to the satisfaction of the Government Representative	55% of the amount quoted in Item No. 1.1 of the Budget Proposal

Item code	Items for which Operation Fees are payable by the ECF	Calculation of Operation Fees
(d)	the amount payable for submission of the Operation Plan as described in Section 3.15 of Annex III - Project Specification	25% of the amount quoted in Item No. 1.1 of the Budget Proposal
(e)	the amount payable for completion of a monthly operation of the Basic Services as specified in Sections 1 to 3 of Annex III - Project Specification , including the operation and management of each Store but excluding items code (f) to (n) below, following the respective Store Commencement Date(s), to the satisfaction of the Government Representative	8% of the amount quoted in Item No. 1.2 of the Budget Proposal
(f)	the amount payable for handover of each Store to the satisfaction of the Government Representative	4% of the amount quoted in Item No. 1.2 of the Budget Proposal
(g)	the amount payable for completion of a monthly operation and management of the Workshop following the Service Commencement Date, to the satisfaction of the Government Representative	8% of the amount quoted in Item No. 1.3 of the Budget Proposal
(h)	the amount payable for handover of the Workshop to the satisfaction of the Government Representative	4% of the amount quoted in Item No. 1.3 of the Budget Proposal
(i)	the amount payable for completion of a monthly operation of the Recycling Spots in accordance with Sections 2.5 and 3.4 of Annex III - Project Specification , to the satisfaction of the Government Representative	8% of the amount quoted in Item No. 1.4 of the Budget Proposal
(j)	the amount payable for handover the updated details, equipment/tools of the operation of Recycling Spots to the satisfaction of the Government Representative	4% of the amount quoted in Item No. 1.4 of the Budget Proposal
(k)	the amount payable for completion of a monthly operation of the Housing Collection Service in accordance with Sections 2.6 and 3.5 of Annex III - Project Specification , to the satisfaction of the Government Representative	8% of the amount quoted in Item No. 1.5 of the Budget Proposal
(l)	the amount payable for handover the updated details of the operation of Housing Collection Services to the satisfaction of the Government Representative	4% of the amount quoted in Item No. 1.5 of the Budget Proposal
(m)	the amount payable for completion of decorating the Collection Vehicle(s) as set out in Section 3.6.1.2 of Annex III - Project Specification	1.6% of the amount quoted in Item No. 1.6 of the Budget Proposal

Item code	Items for which Operation Fees are payable by the ECF	Calculation of Operation Fees
(n)	the amount payable for completion of a monthly operation of Collection Vehicle(s) in accordance with Section 3.6 of Annex III - Project Specification , to the satisfaction of the Government Representative	8.2% of the amount quoted in Item No. 1.6 of the Budget Proposal
(o)	the amount payable for provision of Additional Recycling Spots on the Government Representative's instruction for the respective month in accordance with Section 4.2 of Annex III - Project Specification , to the satisfaction of the Government Representative	(Actual number of sessions of Additional Recycling Spots set up and operated on the Government Representative's instruction in the respective month) x (Unit cost quoted in Item No. 2.1 of the Budget Proposal)
(p)	the amount payable for provision of additional Off-site Collection Service on the Government Representative's instruction for the respective month in accordance with Section 4.3 of Annex III - Project Specification , to the satisfaction of the Government Representative	(Actual number of collections of the additional Off-site Collection Service on the Government Representative's instruction in the respective month) x (Unit cost quoted in Item No. 2.2 of the Budget Proposal)
(q)	the amount payable for provision of Community Collection Points on the Government Representative's instruction for the respective month in accordance with Section 4.4 of Annex III - Project Specification , to the satisfaction of the Government Representative	(Actual number of operation-month of Community Collection Points provided on the Government Representative's instruction in the respective month) x (Unit cost quoted in Item No. 2.3 of the Budget Proposal)
(r)	the amount payable for provision of Promotional and Educational Activities on the Government Representative's instruction for the respective month in accordance with Section 4.5 of Annex III - Project Specification , to the satisfaction of the Government Representative	(Actual number of Promotional and Educational Activities provided on the Government Representative's instruction in the respective month) x (Unit cost quoted in Item No. 2.4 of the Budget Proposal)
(s)	the amount payable for provision and operation of Additional Collection Vehicles on the Government Representative's instruction for the respective month in accordance with Section 4.6 of Annex III - Project Specification , to the satisfaction of the Government Representative	(Actual number of vehicle-month of the Additional Collection Vehicles operated on the Government Representative's instruction in the respective month) x (Unit cost quoted in Item No. 2.5 of the Budget Proposal)
(t)	the amount payable for provision of decoration of additional Collection Vehicle(s) on the Government Representative's instruction for the respective month in accordance with Section 4.7 of Annex III - Project Specification , to the satisfaction of the Government Representative	(Actual number of decoration of Collection Vehicle completed on the Government Representative's instruction in the respective month) x (Unit cost quoted in Item No. 2.6 of the Budget Proposal)

Item code	Items for which Operation Fees are payable by the ECF	Calculation of Operation Fees
(u)	the amount payable for provision of collection and handling of Designated Recyclables exceeding Monthly Minimum Targets on the Government Representative's instruction or agreement for the respective month in accordance with Section 4.11 of Annex III - Project Specification , to the satisfaction of the Government Representative	Subject to the conditions set out in Section 4.11 of Annex III - Project Specification and unit cost quoted in Item No. 2.7(a) and 2.7(b) of the Budget Proposal
(v)	the amount payable for provision of customer service at Store(s) on the Government Representative's instruction for the respective month in accordance with Section 4.12 of Annex III - Project Specification , to the satisfaction of the Government Representative	(Actual number of man-hour of customer service provided at Store(s) on the Government Representative's instruction in the respective month) x (Unit cost quoted in Item No. 2.8 of the Budget Proposal)
(w)	the amount payable for provision of additional operating hours of Store in self-service mode on the Government Representative's instruction for the respective month in accordance with Section 4.13 of Annex III - Project Specification , to the satisfaction of the Government Representative	(Actual number of additional hours of operation provided at Store(s) on the Government Representative's instruction in the respective month) x (Unit cost quoted in Item No. 2.9 of the Budget Proposal)
(x)	the amount payable for reimbursement of rental and the associated administrative costs of Recycling Store(s), as described in Section 2.3 of Annex III - Project Specification for the respective month	Actual expenditure on the relevant reimbursement items in respective month, subject to the conditions set out under Clause B.11 of Annex IV - Payment Arrangement and Section 2.3 of Annex III - Project Specification
(y)	the amount payable for reimbursement of renovation of the Store(s) or Workshop(s) at a new location as instructed by the Government Representative or relocation of the Store(s) for reasons beyond the Operator's control as approved by the Government Representative (as referred to in Section 2.4.1.2 of Annex III - Project Specification), on the Government Representative's instruction and to the satisfaction of the Government Representative	Actual expenditure on the relevant reimbursement items, subject to the conditions set out under Clause B.12 of Annex IV - Payment Arrangement and Section 2.4.1.2 of Annex III - Project Specification

B.3 PAYMENT FOR BASIC SERVICES

- B.3.1 The Operator shall set up the Recycling Store(s), operate and manage the Recycling Store(s) and provide recyclable collection services during the Term in accordance with the requirements set out in Sections 1 to 3 of **Annex III - Project Specification**.

B.3.2 The amounts under Items No. 1.1 to 1.6 of the Budget Proposal shall cover the general, setting up, operation and management of the Recycling Store(s) and recyclable collection services in accordance with Sections 1 to 3 of **Annex III - Project Specification** and the Operation Plan, including, without limitation:

- (a) renovating the shop(s) for setting up the Store(s) and Workshop(s) of the Recycling Store(s) at the existing location(s) or new location(s) (except in the event of relocation of the Store(s) or Workshop(s) as instructed or for approved reasons in accordance with Section 2.4.1.2 of **Annex III - Project Specification**);
- (b) providing equipment, tools, furniture, machinery and plants for setting up the Recycling Store(s);
- (c) preparing publicity materials (e.g. colour printouts) for the Recycling Store(s);
- (d) purchasing and delivery of materials for setting up the Recycling Store(s);
- (e) staff cost to support the setting up of the Recycling Store(s);
- (f) application of licenses for setting up of the Recycling Store(s);
- (g) preparation and payment of utilities e.g. telephone line, power sockets and data points;
- (h) setting up and operating the enquiry hotline(s) and the email account(s);
- (i) setting up and operating the dedicated Page(s) in the prevalent social media platforms;
- (j) conducting small-scale enhancement works or reinstatement works for the shop(s) during the Term;
- (k) provision of staff;
- (l) provision of personal protective equipment for staff;
- (m) operating the Recycling Store(s) in the specified operating hours or any other operating hours as agreed by the Government Representative;
- (n) managing the smart recycling devices and visitor counting system provided by the Government Representative;
- (o) conducting daily general cleaning and weekly pest control;
- (p) Not used;
- (q) setting up and operating the Recycling Spots;
- (r) not used;
- (s) provision of Housing Collection Service;
- (t) collecting the Designated Recyclables;

- (u) handling the Designated Recyclables;
- (v) provision of equipment, tools, furniture and machinery to support the operation of the Recycling Store(s) and the Recycling Spots;
- (w) achieving the Monthly Minimum Targets on the collection on both Plastics and the Designated Recyclables excluding Plastics and handing over such recyclables to recyclable processors;
- (x) implementing the Participation Incentive Scheme, including maintenance of record system;
- (y) providing and operating the Collection Vehicle(s);
- (z) covering transportation cost for the operation of Recycling Store(s), including, but not limited to, the delivery of collected Designated Recyclables from the Recycling Store(s) to the recyclable processors, the delivery of the goods / machinery / equipment / tools / materials supporting the operation of the Recycling Store(s);
- (aa) covering transportation cost for the operation of Recycling Spots and Housing Collection Service;
- (bb) preparing and issuing the publication and promotion items, including but not limited to posters, leaflets and computation graphic for promotional purpose;
- (cc) keeping records and regular reporting;
- (dd) operating the CCTVs and other devices for security purposes;
- (ee) insurance costs and other administrative costs for implementing the Project; and
- (ff) meeting any other requirements that are included in **Annex III - Project Specification**.

B.3.3 The Unit Prices for the Basic Services of the Project under Items No. 1.1 to 1.6 of the Budget Proposal as set out in **the Application Form** will be subdivided into **payment items No. 1 to 14** for the Operation Fees (*i.e. item codes (a) to (n) under B.2.5 of Annex IV – Payment Arrangement*). The payment items and the percentages of amount payable under Items No. 1.1 to 1.6 of Budget Proposal for the Operation Fees payable are summarised in the “Schedule of Fees for Basic Services” (Table 3.1):

Table 3.1 Schedule of Fees for Basic Services

Payment item No.	Description	Percentages of amount payable under Budget Proposal
1.	Except in the case of GREEN@ABERDEEN and GREEN@TSING YI, on submission of rental proposals of the Store(s) and Workshop(s) In the case of GREEN@ABERDEEN and GREEN@TSING YI, on submission of rental proposals of the Workshop	10%
2.	On submission of the renovation plan and product schedules for Store(s) and Workshop(s)	10%
3.	On completion of setting up the Store(s) and Workshop(s)	55%
4.	On submission of the Operation Plan	25%
Total percentage of amount payable under Item No. 1.1 of the Budget Proposal:		100%
5.	On completion of a monthly operation of the Basic Services (including operation and management of the Store(s) but excluding payment items no. 6 to 14 below) following the respective Store Commencement Date(s) until the end of Service Period (i.e. up to 12 months)	8% (Sub-total: 96%)
6.	On acceptance of handover of the Store(s)	4%
Total percentage of amount payable under Item No. 1.2 of the Budget Proposal:		100%
7.	On completion of a monthly operation and management of the Workshop(s) following the Service Commencement Date (i.e. up to 12 months)	8% (Sub-total: 96%)
8.	On acceptance of handover of the Workshop(s)	4%
Total percentage of amount payable under Item No. 1.3 of the Budget Proposal:		100%
9.	On completion of a monthly operation of the Recycling Spots following the Service Commencement Date (i.e. up to 12 months)	8% (Sub-total: 96%)
10.	On acceptance of handover of the updated details, equipment/tools of the operation of Recycling Spots	4%
Total percentage of amount payable under Item No. 1.4 of the Budget Proposal:		100%

Payment item No.	Description	Percentages of amount payable under Budget Proposal
11.	On completion of a monthly operation of the Housing Collection Service following the Service Commencement Date (i.e. up to 12 months)	8% (Sub-total: 96%)
12.	On acceptance of handover of the updated details of the operation of Housing Collection Services	4%
Total percentage of amount payable under Item No. 1.5 of the Budget Proposal:		100%
13.	On completion of decorating the Collection Vehicle(s)	1.6%
14.	On completion of a monthly operation of Collection Vehicle(s) following the Service Commencement Date (i.e. up to 12 months)	8.2% (Sub-total: 98.4%)
Total percentage of amount payable under Item No. 1.6 of the Budget Proposal:		100%

B.3.4 Payment items No. 5, 7, 9, 11 and 14 in the **Table 3.1** under B.3.3 shall be made monthly in arrears, starting from the Service Commencement Date and respective Store Commencement Date(s), respectively. In case the Service Commencement Date is earlier than the respective Store Commencement Date(s) as agreed by the Government Representative, the 12 months of the Service Period shall start from the Service Commencement Date. The Operator may receive payments of payment items No. 5, 7, 9, 11 and 14 for less than 12 months.

B.3.5 In accordance with Section 3.9 of **Annex III - Project Specification**, the Operator will be subject to a deduction on the payment items No. 5, 7, 9, 11 and 14 shown in **Table 3.1** as a result of any non-compliance with the requirements A to C (referring to Section 3.9.2 of **Annex III - Project Specification**).

B.3.6 Not used

Table 3.2 Not used

Table 3.3 Not used

B.3.7 **Table 3.4** demonstrate the payments for the completion of a monthly operation of the Recycling Store(s) or the temporary collection booth(s) issued to the Operator under various scenarios (referring to Sections 3.8 to 3.10 of **Annex III - Project Specification**).

Assumptions:

- The amounts quoted in the Items No. 1.1 to No. 1.6 of the Budget Proposal for the Basic Services as proposed by the Operator in the Budget Proposal are as the following:

Item No.	Amount Quoted
1.1	\$100,000
1.2	\$2,000,000
1.3	\$200,000
1.4	\$200,000
1.5	\$200,000
1.6	\$200,000

- The Service Commencement Date was 2 months after the Project Commencement Date and the Store Commencement Date was 4 months after the Project Commencement Date (i.e. a temporary collection booth is set up and operated for 2 months from the Service Commencement Date to the Store Commencement Date). The payment for the completion of a monthly operation includes:
 - (i) the payment item No. 5 in Table 3.1 under B.3.3 regarding operation of the Basic Services (including operation of the Store but excluding payment item No. 6 to 14) from Store Commencement Date until the end of the Service Period is $8\% \times \$2,000,000 = \$160,000$;
 - (ii) the payment item No. 7 in Table 3.1 under B.3.3 regarding operation of the Workshop from Service Commencement Date until the end of the Service Period is $8\% \times \$200,000 = \$16,000$;
 - (iii) the payment item No. 9 in Table 3.1 under B.3.3 regarding operation of the Recycling Spots from Service Commencement Date until the end of the Service Period is $8\% \times \$200,000 = \$16,000$;
 - (iv) the payment item No. 11 in Table 3.1 under B.3.3 regarding operation of the Housing Collection Service from Service Commencement Date until the end of the Service Period is $8\% \times \$200,000 = \$16,000$; and
 - (v) the payment item No. 14 in Table 3.1 under B.3.3 regarding the operation of the Collection Vehicle from Service Commencement Date until the end of the Service Period is $8.2\% \times \$200,000 = \$16,400$
- The Monthly Minimum Target on Plastics is 15 tonnes/month.
- The Monthly Minimum Target on Designated Recyclables excluding Plastics is 20 tonne/month.
- There were no any Additional Services instructed in the 1st to 11th months of operation of the Recycling Store.

Recycling Store Projects

Table 3.4 Operation Scenario of the 1st to 11th months of the Service Period

Month of operation	1. Handling Rate of Designated Recyclables (tonnes)				2. No. of relevant convictions in the reporting month	3. No. of manager/supervisor positions not filled by a full-time permanent staff for more than 90 days during Service Period	4. No. of days of closure of individual Recycling Store/temporary collection booth on which it is required to operate
	Plastics handled in the reporting month (tonnes)	Average handling rate of Plastics in recent 3 months (tonnes)	Designated Recyclables excluding Plastics handled in the reporting month (tonnes)	Average handling rate of Designated Recyclables excluding Plastics in recent 3 months (tonnes)			
1 st	12	N/A	15	N/A	0	0	0
2 nd	13	N/A	17	N/A	0	0	0
3 rd	14	13.0	19	17.0	0	0	0
4 th	16	14.3	19.5	18.5	0	0	0
5 th	16	15.3	21.5	20.0	0	2	0
6 th	16	16.0	25	22.0	1	1	0
7 th	16	16.0	35	27.2	0	0	0
8 th	16	16.0	40	33.3	0	0	15
9 th	16	16.0	45	40.0	0	0	0
10 th	20	17.3	70	51.7	0	0	0
11 th	21	19.0	45	53.3	0	0	0

Recycling Store Projects

Table 3.4 Operation Scenario of the 1st to 11th months of the Service Period (continue)

Month of operation	5. No. of days did not conform with the specified operating hours of individual Recycling Store/ temporary collection booth	6. % Below the minimum no. of sessions of Recycling Spots required in the reporting month	7. % Below the minimum no. of premises provided with the Housing Collection Service in the reporting month required	8. Minimum no. of posts in social media in the reporting month achieved (Y/N)	9. No. of repeated written complaints received in the reporting month	10. No. of repeated written warnings on non-compliance by the Government Representative received in the reporting month	11. No. of failures in handling the collected recyclables in the reporting month	12. No. of failures in rectifying nonconformity to Operation Plan
1 st	0	0%	0%	Y	0	0	0	0
2 nd	0	24%	0%	N	0	0	0	0
3 rd	0	0%	0%	Y	0	0	0	0
4 th	0	0%	0%	Y	0	0	0	0
5 th	0	0%	0%	Y	0	0	0	0
6 th	0	0%	0%	Y	0	0	0	0
7 th	3	0%	0%	Y	0	0	0	0
8 th	0	0%	0%	N	0	0	0	1
9 th	0	0%	0%	Y	0	0	1	0
10 th	0	0%	0%	Y	0	0	0	0
11 th	0	0%	0%	Y	2	1	0	0

Table 3.5 NOT USED

Payment to be issued associated with the Operation Scenario in Table 3.4:

- (a) For the 1st to 2nd months of Service Period:
- as there is no sufficient data for computing the average Handling Rates in recent 3 months, no deduction in relation to Monthly Minimum Target is therefore imposed.
 - Also, there is no non-compliance with the requirement C in the 1st month, the payment for the “completion of a monthly operation” for the 1st month is \$16,000 + \$16,000 + \$16,000 + \$16,400 = \$64,400.
 - In the 2nd month of operation, the Operator fails to achieve 2 items with the requirement C. The number of sessions of Recycling Spots is 24% below the required number of sessions. In accordance with Section 3.9.2.2(c)(v) of **Annex III - Project Specification**, such level of shortage is allocated for 5% deduction. Another item is allotted for 1%, the payment for the “completion of a monthly operation” for the 2nd month is \$64,400 – [5% x \$64,400] – [1% x \$64,400] = \$60,536.
- (b) For the 3rd to 4th months of operation, both the average Handling Rate of Plastics and the average Handling Rate of Designated Recyclables excluding Plastics are less than the Monthly Minimum Targets. However, in accordance with Section 3.9.2.3 of **Annex III - Project Specification**, the deduction mechanism for the Monthly Minimum Target shall only be implemented from the 4th month of the operation of the Recycling Store. In the 4th month of the operation, the average Handling Rate of Plastics has a shortage of 5% (round to the nearest percent) in meeting the Monthly Minimum Target and such level of shortage is allotted for 5% deduction. The average Handling Rate of Designated Recyclables excluding Plastics had a shortage of 8% (round to the nearest percent) in meeting the Monthly Minimum Target and such level of shortage is allotted for 5% deduction. In addition, there is no non-compliance with the requirement C in both months.
- Both the Handling Rate of Plastics and the Handling Rate of the Designated Recyclables excluding Plastics have not achieved respective band 1. No additional handling payment is issued for both months.
 - The payment for the “completion of a monthly operation” for the 3rd month is \$160,000 + \$16,000 + \$16,000 + \$16,000 + \$16,400 = \$224,400.
 - The payment for the “completion of a monthly operation” for the 4th month is \$224,400 – (5% x \$224,400) – (5% x \$224,400) = \$201,960.
- (c) For the 5th to 9th months of operation, both the average Handling Rate of Plastics and the average Handling Rate of Designated Recyclables excluding Plastics are higher than the Monthly Minimum Targets. According to Section 4.11 of **Annex III - Project Specification**, both the Handling Rate of Plastics and the Handling Rate of the Designated Recyclables excluding Plastics have not achieved respective band 1. Hence, no additional handling payment is issued. The full-time permanent staff of both manager and supervisor resigned on the

10th day of the 2nd month of operation, the position of manager was filled by full-time permanent staff on the 20th day of the 6th month of operation (i.e. payment deduction for failing to fill such position by full-time permanent staff for more than 90 days in the 5th month of operation in accordance with Section 1.7.2.6 of **Annex III - Project Specification**), while the position of supervisor was filled by full-time permanent staff on the 20th day of the 7th month of operation (i.e. payment deduction for failing to fill such position by full-time permanent staff for more than 90 days in the 5th and 6th month of operation in accordance with Section 1.7.2.6 of **Annex III - Project Specification**).

- In the 5th month of operation, the Operator fails to achieve 1 item with the requirement C for 2 times within the reporting month (i.e. failing to fill the positions of both manager and supervisor by full-time permanent staff for more than 90 days) and such item is allocated for 2% of deduction, the payment for the “completion of a monthly operation” for the 5th month is $\$224,400 - [(2\% \times 2) \times \$224,400] = \underline{\$215,424}$.
 - In the 6th month of operation, the Operator fails to achieve 2 items with the requirement C within the reporting month and such items are allotted for 2% of deduction (one of such deductions is due to failure to fill the position of supervisor by full-time permanent staff for more than 90 days). The payment for the “completion of a monthly operation” for the 6th month is $\$224,400 - [2\% \times \$224,400] - [2\% \times \$224,400] = \underline{\$215,424}$.
 - In the 7th month of operation, the Operator fails to achieve 1 item with the requirement C for 3 times within the reporting month and such time is allocated for 1% of deduction. The payment for the “completion of a monthly operation” for the 7th month is $\$224,400 - [(1\% \times 3) \times \$224,400] = \underline{\$217,668}$.
 - In the 8th month of operation, the Operator fails to achieve 3 items with the requirement C, in which failure in one of the items is allotted for 2% of deduction and repeated for 15 times in the reporting month, while each of the remaining two items is allotted for 1% of deduction. The total deduction is up to 32%. However, as the deduction imposed on the requirement C shall be capped at 30%, as stipulated in Section 3.9.2.4 of **Annex III - Project Specification**. Hence, the payment for the “completion of a monthly operation” for the 8th month is $\$224,400 - (30\% \times \$224,400) = \underline{\$157,080}$.
 - In the 9th month of operation, the Operator failed to handle the collected Recyclables for 1 time in the reporting month, and such item is allotted for 20% of deduction as stipulated in Section 3.9.2.2 of **Annex III - Project Specification**. Hence, the payment for the “completion of a monthly operation” for the 9th month is $\$224,400 - (20\% \times \$224,400) = \underline{\$179,520}$.
- (d) For the 10th month of operation, both the average Handling Rate of Plastics and the average Handling Rate of Designated Recyclables excluding Plastics are higher than the Monthly Minimum Targets. According to Section 4.11 of **Annex III - Project Specification**, the Handling Rate of Plastics is at band 1, rendering an additional handling payment as agreed by the Government Representative, while the Handling Rate of Designated Recyclables excluding Plastics is at band 1, rendering an additional handling payment as agreed by the Government Representative. The unit cost as proposed by the Operator in the Budget Proposal

for provision of collection and handling of Designated Recyclables exceeding Monthly Minimum Targets is \$2,000 per tonnes of Plastics and \$500 per tonnes of Designated Recyclables excluding Plastics respectively. Also, there is no non-compliance in the month. Hence, the payment for the “completion of 10th month of operation” is $\$224,400 + [4 \times \$2,000] + [45 \times \$500] = \underline{\$254,900}$.

- (e) For the 11th month of operation, both the average Handling Rate of Plastics and the average Handling Rate of Designated Recyclables excluding Plastics are higher than the Monthly Minimum Targets. According to Section 4.11 of **Annex III - Project Specification**, the Handling Rate of Plastics is at band 1, rendering an additional handling payment as agreed by the Government Representative. The unit cost as proposed by the Operator in the Budget Proposal for provision of collection and handling of Designated Recyclables exceeding Monthly Minimum Targets is \$2,000 per tonnes of Plastics. However, the Government Representative issued 3 written warnings on substantiated complaints on the same matter from the same group of the public at different times (i.e. 2 repeated complaints, each of which is allotted for 1% of deduction). Moreover, the Government Representative issued 2 written warnings on the same non-compliance of requirements of **Annex III - Project Specification** (i.e. 1 repeated written warning, which is allotted for 1% of deduction), and hence, the payment for the “completion of 11th month of operation” is

$$\$224,400 + (4 \times \$2,000) - [(1\% \times 2) \times \$224,400] - (1\% \times \$224,400) = \underline{\$225,668}$$

B.4 PAYMENT FOR ADDITIONAL SERVICES – PROVISION OF ADDITIONAL RECYCLING SPOTS

- B.4.1 The unit of measurement for provision of Additional Recycling Spots under Item No. 2.1 of the Budget Proposal shall be “per session of a Recycling Spot”.

- B.4.2 The Operator will only be paid in accordance with the unit cost quoted in Item No. 2.1 of the Budget Proposal for Additional Services – “Provision of Additional Recycling Spots”, if a written instruction is issued by the Government Representative to the Operator for providing this service in accordance with Section 4.2 of **Annex III - Project Specification** to the satisfaction of the Government Representative.

- B.4.3 The payment for provision of Additional Recycling Spots shall cover all additional resources and procedures related to setting up and operating the Recycling Spots by the Operator in accordance with **Annex III - Project Specification** and the work plan, including, without limitation:

- (a) liaising with relevant Government Departments/authorities and/or stakeholders for seeking permissions, licences and/or permits to set up and operating the Recycling Spots;
- (b) providing relevant resources, including without limitation, the staff, materials, equipment, personal protective equipment, etc. to set up and operate the Recycling Spots;
- (c) promoting the Recycling Spots in the Recycling Store’s Page(s) as well as preparing the publicity materials for the Recycling Spots;
- (d) implementing the Incentive Scheme;

- (e) conducting on-site checking on the Designated Recyclables and collecting those Designated Recyclables found with satisfactory conditions for further handling;
- (f) transportation cost, including without limitation, the delivery of the materials/equipment for setting up and operating the Recycling Spots, and the delivery of the collected Designated Recyclables and the material/equipment of the Recycling Spots to the Recycling Store(s) and/or recyclable processors;
- (g) handling the collected Designated Recyclables;
- (h) recording and reporting the quantities of the collected Designated Recyclables from the Recycling Spots; and
- (i) insurance cost and other administrative costs for operating the Recycling Spots.

B.4.4 A payment request for provision of Additional Recycling Spots shall be included in the Operator's statement for the month during which the said Additional Services are delivered. The Example 4.1 demonstrates the monthly Operation Fee for both the Basic Services and the Additional Services issued to the Operator:

Example 4.1

- The sum of the amounts quoted in the Items No. 1.1 to No. 1.6 of the Budget Proposal for the Basic Services as proposed by the Operator in the Budget Proposal is same as B.3.7.
- The Service Commencement Date and Store Commencement Date were on the same day. The sum of the payment for the completion of a monthly operation includes the payment items No. 5, 7, 9, 11 and 14 in the Table 3.1 under B.3.3 regarding operation of the Basic Services is \$160,000 + \$16,000 + \$16,000 + \$16,000 + \$16,400 = \$224,400.
- Both the Handling Rates and the average Handling Rates of both Plastics and Designated Recyclables excluding Plastics in the recent 3 months are just higher than the Monthly Minimum Targets, which both the Handling Rates have not achieved respective band 1. There is also no non-compliance with the requirement C. Hence, no deduction is imposed and no additional handling payment is issued.
- The only Additional Service that the Government Representative had instructed was to operate 15 additional sessions of Recycling Spots in the reporting month.
- The unit cost as proposed by the Operator in the Budget Proposal for provision of a session of Recycling Spot is \$1,000.
- Total payment to be issued to the Operator in that reporting month
 - = payment for completion of a monthly operation + Operation Fee for the Additional Services
 - = \$224,400 + [15 (sessions of Additional Recycling Spots) x \$1,000]
 - = \$239,400

B.5 PAYMENT FOR ADDITIONAL SERVICES – PROVISION OF ADDITIONAL OFF-SITE COLLECTION SERVICE

- B.5.1 The unit of measurement for provision of additional Off-site Collection Service under Item No. 2.2 of the Budget Proposal shall be “per collection”.
- B.5.2 The Operator will only be paid in accordance with the unit cost quoted in Item No. 2.2 of the Budget Proposal for Additional Services – “Provision of Additional Off-site Collection Service”, if a written instruction is issued by the Government Representative to the Operator for providing this service in accordance with Section 4.3 of **Annex III - Project Specification** to the satisfaction of the Government Representative.
- B.5.3 The payment for the Provision of Additional Off-site Collection Service shall cover all additional resources and procedures related to the provision of the Additional Off-site Collection Service by the Operator in accordance with **Annex III - Project Specification** and the work plan, including, without limitation:
- (a) liaising with premises for arranging the additional Off-site Collection Service;
 - (b) preparing the publicity materials for additional Off-site Collection Service;
 - (c) providing relevant resources, including without limitation, the staff, materials, equipment, personal protective equipment, etc. to provide the Additional Off-site Collection Service;
 - (d) conducting on-site checking on the Designated Recyclables and collecting those found with satisfactory conditions for further handling;
 - (e) transportation cost, including without limitation, the delivery of material/equipment from the Recycling Store(s) to the premises for collection of the Designated Recyclables, and the delivery of the collected Designated Recyclables and the material/equipment from the premises to the Recycling Store(s), recyclable processors, and/or any other locations as instructed by the Government Representative;
 - (f) handling the collected Designated Recyclables;
 - (g) recording and reporting the quantities of the collected Designated Recyclables from each premises; and
 - (h) insurance cost and other administrative costs for the provision of the additional Off-site Collection Service.
- B.5.4 A payment request for provision of additional Off-site Collection Service shall be included in the Operator’s statement for the month during which the said Additional Services are delivered. The Example 5.1 demonstrates the monthly Operation Fee for both the Basic Services and the Additional Services issued to the Operator:

Example 5.1

- The sum of the amounts quoted in the Items No. 1.1 to No. 1.6 of the Budget Proposal for the Basic Services as proposed by the Operator in the Budget Proposal is same as B.3.7.
- The Service Commencement Date and Store Commencement Date were on the same day. The sum of the payment for the completion of a monthly operation includes the payment items No. 5, 7, 9, 11 and 14 in the Table 3.1 under B.3.3 regarding operation of the Basics Services is \$160,000 + \$16,000 + \$16,000 + \$16,000 + \$16,400 = \$224,400.
- Both the Handling Rates and the average Handling Rates of both Plastics and Designated Recyclables excluding Plastics in the recent 3 months are just higher than the Monthly Minimum Targets, which both the Handling Rates have not achieved respective band 1. There is also no non-compliance with the requirement C. Hence, no deduction is imposed and no additional handling payment is issued.
- The only Additional Service that the Government Representative had instructed was to provide additional Off-site Collection Service to 10 locations, where 2 collections for each location in the reporting month.
- The unit cost as proposed by the Operator in the Budget Proposal for provision of additional Off-site Collection Service is \$300 per collection.
- Total payment to be issued to the Operator in that reporting month
 - = payment for completion of a monthly operation + Operation Fee for the Additional Services
 - = \$224,400 + [10 x 2 (collections) x \$300]
 - = \$230,400

B.6 PAYMENT FOR ADDITIONAL SERVICES – PROVISION OF COMMUNITY COLLECTION POINTS

- B.6.1 The unit of measurement for the provision of Community Collection Points under Item No. 2.3 of the Budget Proposal shall be “per operation-month of a Community Collection Point”.
- B.6.2 The Operator will only be paid in accordance with the unit cost quoted in Item No. 2.3 of the Budget Proposal for Additional Services – “Provision of Community Collection Points”, if a written instruction is issued by the Government Representative to the Operator for providing this service in accordance with Section 4.4 of **Annex III - Project Specification** to the satisfaction of the Government Representative.
- B.6.3 The payment for the provision of Community Collection Points shall cover all of the resources and procedures related to setting up and operating the Community Collection Points by the Operator in accordance with **Annex III - Project Specification** and the work plan, including, without limitation:

- (a) inviting and liaising with the premises to set up Community Collection Points;
- (b) assisting the representatives of the premises to set up the Community Collection Points;
- (c) promoting the Community Collection Points in the Recycling Store's Page(s) as well as preparing the publicity materials for the Community Collection Points;
- (d) arranging regular and ad hoc collection service to collect the Designated Recyclables gathered at the Community Collection Points;
- (e) providing relevant resources, including without limitation, the staff, material, equipment, personal protective equipment, etc. to set up and operate the Community Collection Points;
- (f) conducting on-site checking on the Designated Recyclables and collecting those found with satisfactory conditions for further handling;
- (g) transportation cost, including without limitation, the delivery of material/equipment for setting up the Community Collection Points, the delivery of the collected Designated Recyclables/equipment/tools from the Community Collections Points to the Recycling Store(s) and/or recyclable processors;
- (h) handling the collected Designated Recyclables;
- (i) recording and reporting the quantities of collection of the Designated Recyclables from each Community Collection Point; and
- (j) insurance cost and other administrative costs for the provision of the Community Collection Points.

B.6.4 A payment request for provision of Community Collection Points shall be included in the Operator's statement for the month during which the said Additional Services are delivered. The Example 6.1 demonstrates the monthly Operation Fee for both the Basic Services and the Additional Services issued to the Operator:

Example 6.1

- The sum of the amounts quoted in the Items No. 1.1 to No. 1.6 of the Budget Proposal for the Basic Services as proposed by the Operator in the Budget Proposal is same as B.3.7.
- The Service Commencement Date and Store Commencement Date were on the same day. The sum of the payment for the completion of a monthly operation includes the payment items No. 5, 7, 9, 11 and 14 in the Table 3.1 under B.3.3 regarding operation of the Basic Services is \$160,000 + \$16,000 + \$16,000 + \$16,000 + \$16,400 = \$224,400.
- Both the Handling Rates and the average Handling Rates of both Plastics and Designated Recyclables excluding Plastics in the recent 3 months are just higher than the Monthly Minimum Targets, which both the Handling Rates have not achieved respective band 1. There is also no non-compliance with the

requirement C. Hence, no deduction is imposed and no additional handling payment is issued.

- The only Additional Service that the Government Representative had instructed was to operate 10 Community Collection Points in the reporting month.
- The unit cost as proposed by the Operator in the Budget Proposal for provision of Community Collection Points is \$1,000 per operation-month of a Community Collection Point.
- Total payment to be issued to the Operator in that reporting month

= payment for completion of a monthly operation + Operation Fee for the Additional Services

= \$224,400 + [10 (operation-months of Community Collection Points) x \$1,000]

= \$234,400

B.7 PAYMENT FOR ADDITIONAL SERVICES – PROVISION OF PROMOTIONAL AND EDUCATIONAL ACTIVITIES

B.7.1 The unit of measurement for the provision of Promotional and Educational Activities under Item No. 2.4 of the Budget Proposal shall be “per activity”.

B.7.2 The Operator will only be paid in accordance with the unit cost quoted in Item No. 2.4 of the Budget Proposal for Additional Services – “Provision of Promotional and Educational Activities”, if a written instruction is issued by the Government Representative to the Operator for providing this service in accordance with Section 4.5 of **Annex III - Project Specification** to the satisfaction of the Government Representative.

B.7.3 The payment for the provision of Promotional and Educational Activities shall cover all of the resources and procedures related to setting up and operation of the Promotional and Educational Activities by the Operator in accordance with **Annex III - Project Specification** and the work plan, including, without limitation:

- (a) providing Promotional and Educational Activities, including promoting, publicising, organising, arranging, networking, managing, hosting and the like;
- (b) arranging staff members to prepare and deliver the activities;
- (c) inviting and liaising with stakeholders to prepare and arrange the activities;
- (d) preparing, providing, transporting, handling, setting up, storing, assembly, disassembly and the like of exhibits, and other goods and materials to be used for the activities;
- (e) providing publicity materials, including but not limited to colour print-outs and multi-media materials;
- (f) managing the Recycling Store(s) and/or other venues for users, including providing projector and sound equipment, security, servicing, cleansing and the like;

- (g) insurance cost and other administrative costs for the provision of Promotional and Educational Activities

B.7.4 A payment request for provision of Promotional and Educational Activities shall be included in the Operator's statement for the month during which the said Additional Services are delivered. The Example 7.1 demonstrates the monthly Operation Fee for both the Basic Services and the Additional Services issued to the Operator:

Example 7.1

- The sum of the amounts quoted in the Items No. 1.1 to No. 1.6 of the Budget Proposal for the Basic Services as proposed by the Operator in the Budget Proposal is same as B.3.7.
- The Service Commencement Date and Store Commencement Date were on the same day. The sum of the payment for the completion of a monthly operation includes the payment items No. 5, 7, 9, 11 and 14 in the Table 3.1 under B.3.3 regarding operation of the Basic Services is \$160,000 + \$16,000 + \$16,000 + \$16,000 + \$16,400 = \$224,400.
- Both the Handling Rates and the average Handling Rates of both Plastics and Designated Recyclables excluding Plastics in the recent 3 months are just higher than the Monthly Minimum Targets, which both the Handling Rates have not achieved respective band 1. There is also no non-compliance with the requirement C. Hence, no deduction is imposed and no additional handling payment is issued.
- The only Additional Service that the Government Representative had instructed was to provide 2 Promotional and Educational Activities in the reporting month.
- The unit cost as proposed by the Operator in the Budget Proposal for provision of Promotional and Educational Activities is \$2,000 per activity.
- Total payment to be issued to the Operator in that reporting month
 - = payment for completion of a monthly operation + Operation Fee for the Additional Services
 - = \$224,400 + [2 (activities) x \$2,000]
 - = \$228,400

B.8 PAYMENT FOR ADDITIONAL SERVICES – PROVISION AND OPERATION OF ADDITIONAL COLLECTION VEHICLE(S)

B.8.1 The unit of measurement for the provision and operation of Additional Collection Vehicles under Item No. 2.5 of the Budget Proposal shall be "per month per collection vehicle".

- B.8.2 The Operator will only be paid in accordance with the unit cost quoted in Item No. 2.5 of the Budget Proposal for Additional Services – “Provision and Operation of Additional Collection Vehicles”, if a written instruction is issued by the Government Representative to the Operator and providing the service in accordance with Section 3.6 of **Annex III - Project Specification** to the satisfaction of the Government Representative.
- B.8.3 The payment for the provision and operation of Additional Collection Vehicles shall cover all of the resources and procedures related to providing and operating the Additional Collection Vehicles by the Operator in accordance with **Annex III - Project Specification** and the work plan, including, without limitation:
- (a) purchasing or hiring Additional Collection Vehicles;
 - (b) providing relevant resources, including without limitation, the staff, material, equipment, personal protective equipment, etc. to provide and operate the Additional Collection Vehicles;
 - (c) recording and reporting the use of the Additional Collection Vehicles; and
 - (d) fuel cost, insurance cost and other administrative costs for the provision and operation of Additional Collection Vehicles.
- B.8.4 A payment request for provision and operation of Additional Collection Vehicles shall be included in the Operator's statement for the month during which the said Additional Services are delivered. The Example 8.1 demonstrates the monthly Operation Fee for both the Basic Services and the Additional Services issued to the Operator:

Example 8.1

- The sum of the amounts quoted in the Items No. 1.1 to No. 1.6 of the Budget Proposal for the Basic Services as proposed by the Operator in the Budget Proposal is same as B.3.7.
- The Service Commencement Date and Store Commencement Date were on the same day. The sum of the payment for the completion of a monthly operation includes the payment items No. 5, 7, 9, 11 and 14 in the Table 3.1 under B.3.3 regarding operation of the Basic Services is $\$160,000 + \$16,000 + \$16,000 + \$16,000 + \$16,400 = \underline{\$224,400}$.
- Both the Handling Rates and the average Handling Rates of both Plastics and Designated Recyclables excluding Plastics in the recent 3 months are just higher than the Monthly Minimum Targets, which both the Handling Rates have not achieved respective band 1. There is also no non-compliance with the requirement C. Hence, no deduction is imposed and no additional handling payment is issued.
- The only Additional Service that the Government Representative had instructed was to provide and operate 1 Additional Collection Vehicle in the reporting month.
- The unit cost as proposed by the Operator in the Budget Proposal for provision and operation of Additional Collection Vehicles is \$30,000 per month per collection vehicle.

- Total payment to be issued to the Operator in that reporting month
= payment for completion of a monthly operation + Operation Fee for the Additional Services
= \$224,400 + [1 (collection vehicle) x 1 month x \$30,000]
= \$254,400

B.9 PAYMENT FOR ADDITIONAL SERVICES – PROVISION OF DECORATION OF ADDITIONAL COLLECTION VEHICLE(S)

- B.9.1 The unit of measurement for the provision of decoration of additional Collection Vehicle(s) under Item No. 2.6 of the Budget Proposal shall be “per decoration of Collection Vehicle.
- B.9.2 The Operator will only be paid in accordance with the unit cost quoted in Item No. 2.6 of the Budget Proposal for Additional Services – “Provision of Decoration of Additional Collection Vehicle(s)”, if a written instruction is issued by the Government Representative to the Operator and providing the service in accordance with Section 4.7 of **Annex III - Project Specification** to the satisfaction of the Government Representative.
- B.9.3 The payment for the provision of decoration of additional Collection Vehicle(s) shall cover all of the resources and procedures related to decorate the Collection Vehicle by the Operator in accordance with Section 4.7 of **Annex III - Project Specification**, including, without limitation:
- (a) production of wrapping stickers for the decoration of Collection Vehicle(s) in accordance with the material and design requirements instructed by the Government Representative; and
 - (b) providing relevant resources, including without limitation, the staff, material, equipment, etc. to decorate the Collection Vehicle(s);
- B.9.4 A payment request for provision of decoration of additional Collection Vehicle(s) shall be included in the Operator’s statement for the month during which the said Additional Services are delivered. The Example 9.1 demonstrates the monthly Operation Fee for both the Basic Services and the Additional Services issued to the Operator:

Example 9.1

- The sum of the amounts quoted in the Items No. 1.1 to No. 1.6 of the Budget Proposal for the Basic Services as proposed by the Operator in the Budget Proposal is same as B.3.7.
- The Service Commencement Date and Store Commencement Date were on the same day. The sum of the payment for the completion of a monthly operation includes the payment items No. 5, 7, 9, 11 and 14 in the Table 3.1 under B.3.3 regarding operation of the Basic Services is \$160,000 + \$16,000 + \$16,000 + \$16,000 + \$16,400 = \$224,400.

- Both the Handling Rates and the average Handling Rates of both Plastics and Designated Recyclables excluding Plastics in the recent 3 months are just higher than the Monthly Minimum Targets, which both the Handling Rates have not achieved respective band 1. There is also no non-compliance with the requirement C. Hence, no deduction is imposed and no additional handling payment is issued.
- The only Additional Service that the Government Representative had instructed was to decorate one (1) Collection Vehicle.
- The unit cost as proposed by the Operator in the Budget Proposal for provision of decoration of additional Collection Vehicle(s) is \$5,000 per decoration of Collection Vehicle.
- Total payment to be issued to the Operator in that reporting month
 - = payment for completion of a monthly operation + Operation Fee for the Additional Services
 - = \$224,400 + [1 (decoration of Collection Vehicle) x \$5,000]
 - = \$229,400

B.10 PAYMENT FOR ADDITIONAL SERVICES – PROVISION OF COLLECTION AND HANDLING OF DESIGNATED RECYCLABLES EXCEEDING MONTHLY MINIMUM TARGETS

- B.10.1 The unit of measurement for the provision of collection and handling of Designated Recyclables exceeding the Monthly Minimum Targets under Item No. 2.7 (a) and (b) of the Budget Proposal shall be “per tonne” of Plastics and “per tonne” of Designated Recyclables excluding Plastics respectively.
- B.10.2 The Operator will only be paid in accordance with the unit cost quoted in Item No. 2.7 (a) and (b) of the Budget Proposal for Additional Services – “Provision of Collection and Handling of Designated Recyclables exceeding Monthly Minimum Targets”, if a written instruction or agreement is issued by the Government Representative to the Operator, subject to the conditions in Section 4.11 of **Annex III - Project Specification**.
- B.10.3 The payment for the provision of collection and handling of Designated Recyclables exceeding the Monthly Minimum Targets shall cover all the resources and procedures related to the collection and handling of the additional amount of Designated Recyclables in accordance with Section 4.11 of **Annex III - Project Specification**, including but without limitation, the additional manpower, utility costs, consumable costs and handling fees payable to the approved recyclable processors as required for proper handling of the additional amount of Designated Recyclables.
- B.10.4 A payment request for provision of collection and handling of Designated Recyclables exceeding Monthly Minimum Targets shall be included in the Operator’s statement for the month during which the said Additional Services are delivered. The Example 10.1 demonstrates the monthly Operation Fee for both the Basic Services and the Additional Services issued to the Operator:

Example 10.1

- The sum of the amounts quoted in the Items No. 1.1 to No. 1.6 of the Budget Proposal for the Basic Services as proposed by the Operator in the Budget Proposal is same as B.3.7.
- The Service Commencement Date and Store Commencement Date were on the same day. The sum of the payment for the completion of a monthly operation includes the payment items No. 5, 7, 9, 11 and 14 in the Table 3.1 under B.3.3 regarding operation of the Basic Services is \$160,000 + \$16,000 + \$16,000 + \$16,000 + \$16,400 = \$224,400.
- Both the Handling Rates and the average Handling Rates of both Plastics and Designated Recyclables excluding Plastics in the recent 3 months are higher than the Monthly Minimum Targets, which both the Handling Rates have achieved respective band 1 in a particular month and the Government Representative has agreed with the additional amount of Designated Recyclables entitled for additional handling payment.
- No other Additional Service had been instructed by the Government Representative.
- The unit cost as proposed by the Operator in the Budget Proposal for provision of collection and handling of Designated Recyclables exceeding Monthly Minimum Targets is \$2,000 per tonnes of Plastics and \$500 per tonnes of Designated Recyclables excluding Plastics respectively
- Total payment to be issued to the Operator in that reporting month
 - = payment for completion of a monthly operation + Operation Fee for the Additional Services
 - = \$224,400 + [4 (band 1 of additional amount of Plastics) x \$2,000] + [45 (band 1 of additional amount Designated Recyclables other than Plastics) x \$500]
 - = \$254,900

B.11 PAYMENT FOR REIMBURSEMENT OF RENTAL AND THE ASSOCIATED ADMINISTRATIVE COSTS

B.11.1 Not used.

B.11.2 The maximum reimbursement for rental and the associated administrative costs under this Project, as described in Section 2.3 of **Annex III - Project Specification** is \$2,000,000. No further reimbursement will be payable to the Operator beyond this ceiling under Clause B.11 of **Annex IV - Payment Arrangement**.

B.11.3 The Operator shall provide the supporting documents and information in the monthly report to the Government Representative regarding the expenditure on the item(s) in accordance with Section 1.9.4 of **Annex III - Project Specification**. The supporting documents and information shall include, without limitation, the tenancy of the premises, receipt of deposit, agency fee and stamp duty, subject to the instruction of the Government Representative.

- B.11.4 As the deposit of the rental will be reimbursed to the Operator during the initial stage of the Project, the Operator shall return the deposit to the Government Representative before the end of the Term. The deposit shall be returned to the Government Representative by means of deducting the equivalent amount of the rental to be reimbursed to the Operator in the last few rounds of the rental reimbursement.
- B.11.5 A payment request for the item(s) as shown in B.11.2 shall be included in the Operator's statement for the month during when the reimbursement items are provided in the reporting month. The Examples 11.1 and 11.2 demonstrate the monthly Operation Fee for both the Basic Services and the costs of the reimbursement of the rental and the associated administrative costs of Recycling Store(s) issued to the Operator:

Example 11.1

- The Operator rented 2 shops for setting up both the Store and the Workshop of the Recycling Store in accordance with Section 2.2 of **Annex III - Project Specification** in the 2nd month after the Project Commencement Date. The rental of premises for setting up the Recycling Store is \$60,000 per month. The amount of the deposit is equivalent to the amount of 3-month rental, which is \$180,000. The sum of both the agent fee and the stamp duty is \$20,000. The management fee is \$1,000 per month. The shop tenancy commenced from the 2nd month following the Project Commencement Date. The deposit, the agent fee and the stamp duty fee were all paid in the 2nd month following the Project Commencement Date.
- The operation of the Recycling Store then commenced from the 3rd month following the Project Commencement Date (the Service Commencement Date and Store Commencement Date were on the same day). The sum of the amounts quoted in the Items No. 1.1 to No. 1.6 of the Budget Proposal for the Basic Services as proposed by the Operator in the Budget Proposal is same as B.3.7.
- For all the reporting months, no deduction and additional handling payment are issued. For Additional Services, the Government Representative had only instructed the Operator to provide 2 sessions of Additional Recycling Spots in each reporting month. The unit cost of each session of Additional Recycling Spots is \$1,000.

Month following the Project Commencement Date	Payment / Deduction items	Actual payment in each reporting month
1 st	<ul style="list-style-type: none"> ● Payment for submission of proposals of the Store and Workshop ● Payment for submission of the renovation plan and product schedules ● Payment for submission of the Operation Plan 	$= \$100,000 \times (10\% + 10\% + 25\%)$ $= \underline{\$45,000}$

Month following the Project Commencement Date	Payment / Deduction items	Actual payment in each reporting month
2 nd	<ul style="list-style-type: none"> ● Reimbursement of rental ● Reimbursement of deposit ● Reimbursement of both agent fee and stamp duty ● Reimbursement of management fee ● Payment for completion of setting up the Store and Workshop ● Payment for completion of decorating the Collection Vehicle 	$= \$60,000 + \$180,000 + \$20,000 + \$1,000 + \$100,000 \times 55\% + \$200,000 \times 1.6\%$ $= \underline{\$319,200}$
3 rd to 11 th month	<ul style="list-style-type: none"> ● Payment for completion of each month of operation of the Basic Services following the Service Commencement Date ● Payment for Additional Services ● Reimbursement of rental ● Reimbursement of management fee 	$= \$2,000,000 \times 8\% + \$200,000 \times 8\% + \$200,000 \times 8\% + \$200,000 \times 8\% + \$200,000 \times 8.2\% + (\$1,000 \times 2) + \$60,000 + \$1,000$ $= \underline{\$287,400}$
12 th to 14 th month	<ul style="list-style-type: none"> ● Payment for completion of each month of operation of the Basic Services following the Service Commencement Date ● Payment for Additional Services ● Reimbursement of rental ● Reimbursement of management fee ● Return of Deposit 	$= \$2,000,000 \times 8\% + \$200,000 \times 8\% + \$200,000 \times 8\% + \$200,000 \times 8\% + \$200,000 \times 8.2\% + (\$1,000 \times 2) + \$60,000 + \$1,000 - \$60,000$ $= \underline{\$227,400}$
15 th month	<ul style="list-style-type: none"> ● Payment for handover of the Basic Services 	$= \$2,000,000 \times 4\% + \$200,000 \times 4\% + \$200,000 \times 4\% + \$200,000 \times 4\%$ $= \underline{\$104,000}$

Example 11.2

- The same operational situation as the Example 11.1, except that the Operator rented 2 shops for setting up the Store and Workshop of the Recycling Store in accordance with Section 2.2 of **Annex III - Project Specification**, the Service Commencement Date was on the 1st day of the 3rd month of the Term, whereas the Store Commencement Date was on the 1st day of the 4th month of the Term due to delayed completion of setting up of the Store (i.e. a temporary collection booth was set up and operated in the 3rd month).

Month following the Project Commencement Date	Payment / Deduction items	Actual payment in each reporting month
1 st	<ul style="list-style-type: none"> ● Payment for submission of proposals of the Store and Workshop ● Payment for submission of the renovation plan and product schedules ● Payment for submission of the Operation Plan 	$= \$100,000 \times (10\% + 10\% + 25\%)$ $= \underline{\$45,000}$
2 nd	<ul style="list-style-type: none"> ● Reimbursement of rental ● Reimbursement of deposit ● Reimbursement of both agent fee and stamp duty ● Reimbursement of management fee ● Payment for completion of decorating the Collection Vehicle 	$= \$60,000 + \$180,000 + \$20,000 + \$1,000 + \$200,000 \times 1.6\%$ $= \underline{\$264,200}$
3 rd	<ul style="list-style-type: none"> ● Payment for completion of setting up the Store and Workshop ● Payment for completion of each month of operation of the Basic Services excluding operation of the Store following the Service Commencement Date ● Payment for Additional Services ● Reimbursement of rental ● Reimbursement of management fee 	$= \$100,000 \times 55\%$ $\$200,000 \times 8\% + \$200,000 \times 8\% + \$200,000 \times 8\% + \$200,000 \times 8.2\% + (\$1,000 \times 2) + \$60,000 + \$1,000$ $= \underline{\$182,400}$
4 th to 11 th month	<ul style="list-style-type: none"> ● Payment for completion of each month of operation of the Basic Services following the Service Commencement Date ● Payment for Additional Services ● Reimbursement of rental ● Reimbursement of management fee 	$= \$2,000,000 \times 8\% + \$200,000 \times 8\% + \$200,000 \times 8\% + \$200,000 \times 8\% + \$200,000 \times 8.2\% + (\$1,000 \times 2) + \$60,000 + \$1,000$ $= \underline{\$287,400}$
12 th to 14 th month	<ul style="list-style-type: none"> ● Payment for completion of each month of operation of the Basic Services following the Service Commencement Date ● Payment for Additional Services ● Reimbursement of rental ● Reimbursement of management fee ● Return of Deposit 	$= \$2,000,000 \times 8\% + \$200,000 \times 8\% + \$200,000 \times 8\% + \$200,000 \times 8\% + \$200,000 \times 8.2\% + (\$1,000 \times 2) + \$60,000 + \$1,000 - \$60,000$ $= \underline{\$227,400}$
15 th month	<ul style="list-style-type: none"> ● Payment for handover of the Basic Services 	$= \$2,000,000 \times 4\% + \$200,000 \times 4\% + \$200,000 \times 4\% + \$200,000 \times 4\%$ $= \underline{\$104,000}$

B.12 PAYMENT FOR REIMBURSEMENT OF RENOVATION COSTS FOR RELOCATION OF THE STORE(S) OR WORKSHOP(S) AS INSTRUCTED OR RELOCATION OF THE STORE(S) FOR APPROVED REASONS

- B.12.1 A lump sum of reimbursement up to \$1,000,000 shall be paid to the Operator, as described in Sections 2.4.1.2 of **Annex III - Project Specification**, for renovating the Store(s) or Workshop(s) relocated to a designated new location (including but not limited to a public facility) as instructed by the Government Representative in writing during the Term (in the case of the Store(s)) or Service Period (in the case of the Workshop(s)) or the Operator is required to relocate and renovate the Store(s) at a new location(s) due to reason beyond its control with the written approval by the Government Representative.
- B.12.2 The Operator shall provide supporting documents that clearly indicate the standalone costs or expenses of renovation costs for the relocation of the Store(s) or Workshop(s) as instructed or relocation of the Store(s) for approved reasons in accordance with Section 2.4.1.2 of **Annex III - Project Specification**, which shall be separate from the costs or expenses from other non-reimbursable renovation requirements that are included in **Annex III - Project Specification**, including, but not limited to, the requirements set out in Section 2.4.1.1 of **Annex III - Project Specification**. The Operator shall also demonstrate that such costs or expenses are reasonable by providing records of at least two (2) quotations to evaluate the average costs and expenses of such item, if as instructed by the Government Representative. The Government Representative may request the Operator to provide justifications or explanations if the costs and expenses of the reimbursement items are unreasonably high in the opinion of the Government Representative and may withhold the reimbursement if the Operator fails to provide justification or demonstration to the satisfaction of the Government Representative. The Example 12.1 demonstrates the monthly Operation Fee for both the Basic Services and the costs of the reimbursement of the renovation costs for relocation of the Store(s) or Workshop(s) as instructed or relocation of the Store(s) for approved reasons in accordance with Section 2.4.1.2 of **Annex III - Project Specification**:

Example 12.1

The Operator rented 1 shop for setting up the Workshop of the Recycling Store in a new location in the 2nd month following the Project Commencement Date. He was also instructed by the Government Representative to rent 1 shop at a new location designated by the Government Representative for relocating, renovating and setting up the Store of the Recycling Store in accordance with Sections 2.2 and 2.4.1.2 of **Annex III - Project Specification** in the 2nd month following the Project Commencement Date. The Operator completed both Workshop and Store in new locations in accordance with the renovation guideline which will be provided by the Government Representative upon Project Commencement Date in the 2nd month. The total renovation costs of the Store incurred by the instructed relocation is \$600,000. The operation of the Recycling Store then commenced from the 3rd month as the same operational situation as Example 11.1.

Month following the Project Commencement Date	Payment / Deduction items	Actual payment in each reporting month
1 st	<ul style="list-style-type: none"> ● Payment for submission of proposal of the Workshop ● Payment for submission of the renovation plan and product schedules ● Payment for submission of the Operation Plan 	$= \$100,000 \times (10\% + 10\% + 25\%)$ $= \underline{\$45,000}$
2 nd	<ul style="list-style-type: none"> ● Reimbursement of rental ● Reimbursement of deposit ● Reimbursement of both agent fee and stamp duty ● Reimbursement of management fee ● Payment for completion of setting up the Store and Workshop ● Reimbursement of renovation costs for relocation of Shop A as instructed or for approved reasons ● Payment for completion of decorating the Collection Vehicle 	$= \$60,000 + \$180,000 + \$20,000 + \$1,000 + \$100,000 \times 55\% + \$600,000 + \$200,000 \times 1.6\%$ $= \underline{\$919,200}$
3 rd to 11 th month	<ul style="list-style-type: none"> ● Payment for completion of each month of operation of the Basic Services following the Service Commencement Date ● Payment for Additional Services ● Reimbursement of rental ● Reimbursement of management fee 	$= \$2,000,000 \times 8\% + \$200,000 \times 8\% + \$200,000 \times 8\% + \$200,000 \times 8\% + \$200,000 \times 8.2\% + (\$1,000 \times 2) + \$60,000 + \$1,000$ $= \underline{\$287,400}$
12 th to 14 th month	<ul style="list-style-type: none"> ● Payment for completion of each month of operation of the Basic Services following the Service Commencement Date ● Payment for Additional Services ● Reimbursement of rental ● Reimbursement of management fee ● Return of Deposit 	$= \$2,000,000 \times 8\% + \$200,000 \times 8\% + \$200,000 \times 8\% + \$200,000 \times 8\% + \$200,000 \times 8.2\% + (\$1,000 \times 2) + \$60,000 + \$1,000 - \$60,000$ $= \underline{\$227,400}$
15 th month	<ul style="list-style-type: none"> ● Payment for handover of the Basic Services 	$= \$2,000,000 \times 4\% + \$200,000 \times 4\% + \$200,000 \times 4\% + \$200,000 \times 4\%$ $= \underline{\$104,000}$

B.13 NOT USED

B.14 NOT USED

B.15 NOT USED

B.16 PAYMENT FOR ADDITIONAL SERVICES – PROVISION OF CUSTOMER SERVICES AT STORE

- B.16.1 The unit of measurement for the provision of customer services at Store under Item No. 2.8 of the Budget Proposal shall be “per man-hour of customer service”.
- B.16.2 The Operator will only be paid in accordance with the unit cost quoted in Item No. 2.8 of the Budget Proposal for Additional Services – “Provision of Customer Services at Store”, if a written instruction is issued by the Government Representative to the Operator and providing the service in accordance with Section 4.12 of ***Annex III - Project Specification*** to the satisfaction of the Government Representative.
- B.16.3 The payment for the provision of customer services at Store shall cover all of the manpower related to services provided by the Operator in accordance with Section 4.12 of ***Annex III - Project Specification***.
- B.16.4 A payment request for provision of customer services at Store shall be included in the Operator’s statement for the month during which the said Additional Services are delivered. The Example 16.1 demonstrates the monthly Operation Fee for both the Basic Services and the Additional Services issued to the Operator:

Example 16.1

- The sum of the amounts quoted in the Items No. 1.1 to No. 1.6 of the Budget Proposal for the Basic Services as proposed by the Operator in the Budget Proposal is same as B.3.7.
- The Service Commencement Date and Store Commencement Date were on the same day. The sum of the payment for the completion of a monthly operation includes the payment items No. 5, 7, 9, 11 and 14 in the Table 3.1 under B.3.3 regarding operation of the Basic Services is \$160,000 + \$16,000 + \$16,000 + \$16,000 + \$16,400 = \$224,400.
- Both the Handling Rates and the average Handling Rates of both Plastics and Designated Recyclables excluding Plastics in the recent 3 months are just higher than the Monthly Minimum Targets, which both the Handling Rates have not achieved respective band 1. There is also no non-compliance with the requirement C. Hence, no deduction is imposed and no additional handling payment is issued.
- The only Additional Service that the Government Representative had instructed was to provide 1 frontline staff at Store to provide customer services for a total of 90 hours.
- The unit cost as proposed by the Operator in the Budget Proposal for provision of customer services at Store is \$70 per man-hour.

- Total payment to be issued to the Operator in that reporting month

= payment for completion of a monthly operation + Operation Fee for the Additional Services

= \$224,400 + [(1 x 90) (man-hour) x \$70]

= \$230,700

B.17 PAYMENT FOR ADDITIONAL SERVICES – PROVISION OF ADDITIONAL OPERATING HOURS OF STORE IN SELF-SERVICE MODE

- B.17.1 The unit of measurement for the provision of additional operating hours of Store in self-service mode under Item No. 2.9 of the Budget Proposal shall be “per hour of operation”.
- B.17.2 The Operator will only be paid in accordance with the unit cost quoted in Item No. 2.9 of the Budget Proposal for Additional Services – “Provision of additional operating hours of Store in self-service mode”, if a written instruction is issued by the Government Representative to the Operator and providing the service in accordance with Section 4.13 of **Annex III - Project Specification** to the satisfaction of the Government Representative.
- B.17.3 The payment for the provision of operating hours of Store in self-service mode shall cover all of the manpower and resources related to services provided by the Operator in accordance with Section 4.13 of **Annex III - Project Specification**.
- B.17.4 A payment request for provision of additional operating hours at Store in self-service mode shall be included in the Operator’s statement for the month during which the said Additional Services are delivered. The Example 17.1 demonstrates the monthly Operation Fee for both the Basic Services and the Additional Services issued to the Operator:

Example 17.1

- The sum of the amounts quoted in the Items No. 1.1 to No. 1.6 of the Budget Proposal for the Basic Services as proposed by the Operator in the Budget Proposal is same as B.3.7.
- The Service Commencement Date and Store Commencement Date were on the same day. The sum of the payment for the completion of a monthly operation includes the payment items No. 5, 7, 9, 11 and 14 in the Table 3.1 under B.3.3 regarding operation of the Basic Services is \$160,000 + \$16,000 + \$16,000 + \$16,000 + \$16,400 = \$224,400.
- Both the Handling Rates and the average Handling Rates of both Plastics and Designated Recyclables excluding Plastics in the recent 3 months are just higher than the Monthly Minimum Targets, which both the Handling Rates have not achieved respective band 1. There is also no non-compliance with the requirement C. Hence, no deduction is imposed and no additional handling payment is issued.

- The only Additional Service that the Government Representative had instructed was to provide additional operating hours of Store in self-service mode for a total of 90 hours.
- The unit cost as proposed by the Operator in the Budget Proposal for provision of additional operating hours of Store in self-service mode is \$200 per hour.
- Total payment to be issued to the Operator in that reporting month
 - = payment for completion of a monthly operation + Operation Fee for the Additional Services
 - = \$224,400 + [90 (hours) x \$200]
 - = \$242,400