

Annex VI: Contractual Arrangements for Cleansing/ Waste Collection Services in Relation to MSW Charging

The EPD provides the following suggestions on contractual arrangements for cleansing/waste collection services contracts (contracts) in relation to MSW charging:

PMCs should not include in their contracts "all-inclusive" provisions requiring cleansing/waste collection services contractors to bear all costs incurred by the implementation of MSW charging, i.e., all additional costs incurred by the implementation of MSW charging during the contract period such as expenditures on the purchase of designated bags/designated labels for handling waste in common areas of the premises as well as NCW, and expenditures on "gate-fee", etc., without providing any calculation methods or mechanisms for the estimation of the said expenditures. Such kind of contractual arrangement is not consistent with the "polluter-pays" principle and will undermine the effectiveness of MSW charging. Moreover, the cleansing/waste collection services contractors may tend to offer higher bids for new contracts to balance the currently uncertain risks, which will not be in the interest of PMCs, cleansing/waste collection services contractors and households.

In view of the above, under the "polluter-pays" principle, PMCs should now discuss and establish suitable new contract terms with their cleansing/waste collection services contractors. This includes the supply format and arrangements for designated bags/designated labels. In terms of the quantity of garbage bags used in common areas and the amount of oversized waste handled, the cleansing services contractor can assist in providing an estimated baseline for designated bags/designated labels usage. This serves as a reference indicator for managing expenses incurred beyond the baseline usage of designated bags/designated labels and for evaluating reimbursements when necessary. The contract can also include provisions for regular statistics on the property's daily waste amount and garbage bag usage (refer to **Annex V**). This will help property management companies explain the calculation basis for waste charges to households in order to recover related costs from them.