

Examples of how the new contract structure would apply to instructors

(i) CCA Contract

Example A – individual instructor whose initial payment quantum cap is \$3,000

Mr XX, a netball coach, is engaged by a secondary school with an annual contract value of \$10,000. His current contract will end on 31 Dec 2020. The initial payment for this contract will be capped at \$3,000. He will receive the first payment in June 2020 (capped at \$2,000) and the subsequent payment in November 2020 (\$1,000). If the services he renders exceed the value of the initial payment when CCA resumes, he will then be paid monthly again, based on the difference in excess of the initial payment received. His contract will also be extended till 31 Dec 2021 to provide a longer runway for the delivery of his services.

Example B – contracts involving multiple instructors and initial payment quantum cap is 40% of annual contract value

YY company is engaged by a primary school to provide two band instructors with an annual contract value of \$12,000. This current contract will end on 30 June 2020. The initial payment for this contract will be capped at \$4,800 (40% of the annual contract value). The company will receive the first payment of the initial payment in June 2020 (capped at \$4,000: \$2,000 x 2 instructors) and the subsequent payment in November 2020 (remainder of \$800). When CCA resumes and should the services rendered by the instructors exceed the value of the initial payment, the company will be paid monthly again, based on the difference in excess of the initial payment received. The contract will also be extended till 30 June 2021 to provide a longer runway for the delivery of services. The company should pass on the initial payment to their band instructors, as per their existing arrangement with them.

(ii) Non-CCA Contract

Example C

ZZ company, is engaged by a secondary school to provide 10 swimming instructors to run a swimming programme for students with an annual contract value of \$9,000. The initial payment will be capped at \$3,600 (40% of the annual contract value). As the contract is for a specific programme and carried out over a short period of time, the company will receive a single payment of \$3,600 in June 2020. The company's delivery of services will also be extended till 31 December 2021. Following the initial payment, the rest of the services rendered up to the end of the extended contract, will be paid accordingly, with the initial payment offset,

based on the original contract terms. The company should then pass on initial payment to the swimming instructors.