

Addendum 9: Project Finance Methodology and Demand Model Calculation Formula

Maximum allocated persons = Total project cost (NT\$) x project construction cost ratio (%) x manpower cost ratio (%) / average wage (NT\$ / person, day) x project duration (calendar days x allocation ratio (%))

The numerical value standards and ratios adopted in the above formula are as follows:

1. Total Project Cost: The total project cost of public works or major private construction projects should be based on the total cost of the construction project (note: approval of construction projects should be conducted in accordance with construction sector industry category and definition pursuant to the Standard Classification of Industries in the Republic of China) as detailed in the construction contract. If the project authority provides construction project materials outside the scope of the project contract, the cost of those materials should be incorporated into the calculations. Total project cost shall exclude the cost incurred in requisitioning or acquiring land, the purchase of machinery and equipment, and any other items unrelated to construction work. However, when a project contract does not detail total project cost a written document must be submitted by the project authority in charge.
2. Project construction cost ratio is 85%.
3. Manpower cost ratio is 25%.
4. Average wage is NT\$1,700 per day.
5. Project Duration: The project duration of public works projects and major private construction projects should be set forth in the project contract. If project duration is specified in working days, the number of working days should be multiplied by 1.25 to convert the number into calendar days. However, when project duration is not detailed in the project contract a written document should be submitted by the project authority in charge.
6. The allocation ratio is 20%. However, when an individual project has any of the following situations it will be calculated based on the provisions of the different items:
 - (1) When a score of 80 or above is calculated using the grading indicator and calculation formula, the total score is multiplied by

4/1000.

(2) When the central competent authority in charge of the target business confirms a need to increase the foreign worker allocation ratio it is required to seek the authorization of the Executive Yuan.

The grading indicator and calculation formula referred to in Item 1, Subparagraph 6 of the previous paragraph are as follows:

1. Grading indicator:

Grading indicator (Weighting)	Grade			
	A	B	C	D
	100	75	50	25
1. Project (30%)	Construction work ancillary to major policy projects authorized by the Executive Yuan	Construction work ancillary to projects authorized by the Executive Yuan	Construction work ancillary to projects authorized by ministries	Construction works ancillary to other projects
Distinctiveness (40%)	<ul style="list-style-type: none">• Overpass type transport projects• Railway expansion projects• Airport terminal projects• Major energy construction projects	<ul style="list-style-type: none">• Tunnel traffic transport projects• Special building projects	<ul style="list-style-type: none">• Reservoir projects• Hydropower projects• Harbor project	<ul style="list-style-type: none">• Other projects

3. Scale (30%)*	Urban planning area	More than NT\$6 billion (inclusive)	More than NT\$3 billion (inclusive) but less than NT\$6 billion	More than NT\$2 billion (inclusive) but less than NT\$3 billion	Less than NT\$2 billion
	Non urban planning area	More than NT\$3 billion (inclusive)	More than NT\$1.5 billion (inclusive) but less than NT\$3 billion	More than NT\$1 billion (inclusive) but less than NT\$1.5 billion	Less than NT\$1 billion

Note: Project scale refers to the total contracted value for a single construction tender.

2. Calculation formula:

Total points = (project grade x 30%) + (distinctiveness grade x 40%) + (scale grade x 30%) Allocation Ratio (%) = Total points x 0.004

The total number of foreign workers employed detailed in Article 44 and Article 45 should include the following:

1. Number of foreign workers applying for first time recruitment
2. Number of foreign workers allowed to apply for a recruitment permit, who have received a recruitment permit or are already employed.
3. Number of workers impacted by the cancellation of foreign worker recruitment permits and employment permits, for reasons attributable to the employer, in the two years preceding the application.