

Department of Contracts  
Notre Dame Ravelin  
Floriana

To Heads of Department  
and Parastatal Bodies

21 December 2007

To Heads of Department  
And Public Bodies

**Impact of Euro Adoption on Public Contracts and  
Public Procurement Regulations**

The Department of Contracts notifies that, with the adoption of the euro as the legal currency with effect from the 1<sup>st</sup> January 2008, all financial obligations as determined in the Public Contracts Regulations 2005 (L.N.177 of 2005), as reflected in public tenders' documentation and as addressed by suppliers and contractors, shall conform to the general procedures as defined hereunder. Furthermore, it is to be noted that all references to currency in Maltese Lira, within the Public Contracts Regulations and the Procurement Regulations relating to Entities operating in the Water, Energy, Transport and Postal Services Sectors have been duly converted to euro at the irrevocably fixed exchange rate and, where applicable, smoothed in application of MF Circular No.3/2007, with amendments to the relevant legislation being published in the Government Gazette before the 31 December 2007.

In relation to the foregoing, therefore, note is to be taken of the following:

1. All payments which are made in terms of Contracts/Letters of Acceptance concluded in Maltese Lira prior to the 31st December 2007, and which are effected on or after 1 January 2008, shall be made in euro with the Maltese Lira rates/amounts quoted in the relative Contract/Letter of Acceptance being converted to euro at the irrevocably fixed exchange rate of €1 = Lm0.429300, in accordance with the established rules on rounding laid down in NECC Guideline NECC/004/2006.
2. Where the terms of contract prescribe bills of quantities incorporating multiple rates of payment rather than one lump sum, these are to be computed horizontally according to the original contracted rate in Maltese Lira and the ensuing aggregate total is then to be converted into euro as per conversion rules referred to under paragraph 1 above.

3. As per amendments to the relative Regulations being published in the Government Gazette in the forthcoming days and definitely before 31 December 2007, as of 1 January 2008, the thresholds applicable to Services and Supply tenders that exceed the limits that requiring publication in the EU Official Journal, have been established at €133,000 while the corresponding threshold in respect of Works tenders has been set at €5,150,000.
4. Similarly, under the Regulations for Public Procurement of Entities operating in the Water, Energy, Transport and Postal Services Sectors the threshold for Supply and Service (L.N.178 of 2005) tenders requiring publication in the EU Official Journal as of 1 January 2008 has been established at €412,000.
5. For ease of reference attached to this Circular one is to consult an ex-cell sheet that lists all the reference to currency within Legal Notices 177 and 178, quoting the Regulation Number, the currency in Maltese Lira applicable up to the 31<sup>st</sup> December 2007 and the smoothed euro amount applicable as from the 1<sup>st</sup> January 2008.

Finally, the attention of all Public Officers involved in public procurement is drawn to the smoothed limits which shall henceforth apply, as of 1 January 2008, under the relevant subsections of Articles 18 and 19 of the Public Contracts Regulations which establish the respective limits under which public contracting can be administered directly by a contracting authority. The overall limit applying in this respect has been established at €47,000 net of VAT. Similarly where the estimated value of the procurement does not exceed €2,500, contracting authorities can resort to quotations or direct contracts from the open market. For procurement exceeding €2,500 but not €6,000 quotations or departmental tenders will need to be published in the Government Gazette, as applies also to departmental tenders the value of which is estimated to exceed €6,000 but not €47,000 net of VAT.

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Director General (Contracts)



81 (1)	20,000	47,000			
82 (1)	250,000	600,000			
82 (4) proviso	250	580			
82 (4) proviso	25,000	58,000			
83 (1)	200	450			
83 (1)	25,000	58,000			
83 (3)	20,000	47,000			
<b>Schedule 8</b>					
				<b>TITLE III</b>	
				<b>Rules Governing Service Design Contests</b>	
1 (a)	58,700	<b>133,000</b>			
1 (b)	90,400	<b>206,000</b>		61 (1)	180,900 412,000
1 (c)	2,262,800	<b>5,150,000</b>		61 (2)	180,900 412,000