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Contracts Circular N° 01/2013

Department of Contracts
Notre Dame Ravelin
FLORIANA FRN 1600

To Permanent Secretaries
Directors General
Directors
Heads of Public Sector Organisations

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COLA ADJUSTMENTS FOR PUBLIC SERVICE CONTRACTS

As time goes by more Government Departments and agencies are resorting to procure services rather than employing personnel to provide such services. In terms of expenditure and efficiency the results are very encouraging. Economic operators have been able to provide such services efficiently at very competitive prices. A recurring complaint by economic operators has always been that it is impossible for them to factor future COLA adjustments and at the same time remaining competitive.

In this regard, the Government has decided that all contracts relating to subcontracted services, have to be awarded annually the cost of living increase irrespective as to whether the contract today defines whether the adjustment is to be annually awarded. Therefore, contracting authorities should consider favourably all requests by economic operators, still executing public service contracts, to adjust the rate of payment in view of COLA adjustments. Such revisions are limited to public service contracts in respect of hourly or daily rates only. The adjustments are only to be effected in those instances where COLA is authorised between the closing date of a call for tenders and the conclusion of a contract.

In respect of future calls for tenders, contracting authorities should adopt the revised tender templates and General Conditions. These are available on the Department of Contracts website at www.contracts.gov.mt.

These instructions are to take immediate effect.

Francis Attard
Director General (Contracts)