



BACKGROUND NOTE TO PROCUREMENT POLICY NOTES

In line with the functions of the Director of Contracts, the Department of Contracts (DoC) regularly publishes Procurement Policy Notes (PPNs) with the scope of clarifying and supplementing the Public Procurement Regulations.

The said Procurement Policy Notes started being published on 02 December 2013, when at the time, the Legal Notice in force was LN 296 of 2010. However, on 28 October 2016, the Government of Malta published LN 352 of 2016, repealing LN 296 of 2010.

In addition, the Office of the Prime Minister, through OPM Circular No. 12/2019 (dated 30 October 2019) notified that the 'Finance Administration and Audit Act' (Cap 174) was repealed and a replacement act titled 'Public Finance Management Act' 2019 (Cap 601) came into force on 12 July 2019 through the publication of Act XXI of 2019. As a result, the Subsidiary Legislations in relation to Public Procurement (including Utilities and Emergency) Regulations shall no longer relate to S.L. 174. Instead, the new Subsidiary Legislations shall refer to S.L. 601.

Further to the above, it is pertinent to note that previous policies disseminated through past PPNs are still applicable (*mutatis mutandis*) unless otherwise stated, or as explicitly superseded by specific PPNs, Contracts Circulars or any other communication that has been/shall be published in the future.

In line with the above, any documentation published by the Department of Contracts bearing former Subsidiary Legislations/Legal Notices shall, unless indicated otherwise, remain applicable (*mutatis mutandis*).

Financial Procurement Thresholds

With specific reference to the Financial Procurement Thresholds referred to within the PPNs, it is to be noted that such thresholds are revised pursuant to the relevant European Union Directives as published in the Official Journal of the European Union. The European Commission revises the said thresholds every two (2) years in accordance with the terms of the World Trade Organisation Agreement on Government Procurement. The new EU Financial Procurement Thresholds shall be applicable to public contracts as of 01 January 2020.

Further to the above, in accordance to Regulation 9(3) of L.N. 352-2016, Regulation 30(2) of L.N. 351 of 2016 (Utilities) and Regulation 57 of L.N. 353 of 2016, the Minister responsible for Finance shall revise the applicable thresholds, which shall be equal to, and categorised in the same manner, as the thresholds established in the relevant European Union Directives. Accordingly, the Local Financial Procurement Thresholds shall also be revised.

To this effect, at Annex 1, the Department of Contracts has prepared two (2) tables as follows:

Table 1 – EU Financial Procurement Thresholds

Table 2 – Local Financial Procurement Thresholds

Applicability of the Financial Procurement Thresholds

In line with the above, in principle, the revised Financial Procurement Thresholds (including local and EU) shall not only apply to Procurement Policy Notes but also to all Contracts Circulars, e-Procurement Templates, Guidance Notes, Manual of Procedures, Standard Operating Procedures Guidelines and any other manuals/documents as published by the Department of Contracts.

Therefore, any documentation published by the Department of Contracts bearing former thresholds, unless indicated otherwise, shall remain applicable (*mutatis mutandis*).

Published Procurement Policy Notes

All the Procurement Policy Notes are accessible through the Department of Contracts' website under the 'Publications' section (<http://contracts.gov.mt>). Alternatively, all ePPS account holders may access the said PPNs, grouped in a zipped folder, through the 'Resources' section of Government's e-Procurement platform (Electronic Public Procurement System – ePPS).

In addition, in line with Contracts Circular No. 03/2018 (dated 16 February 2018), in order to promote the publication of Procurement Policy Notes, the Department has endeavoured to publish a quarterly Contracts Circular providing a list of new/updated/repealed policies.

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Table 1

PUBLIC PROCUREMENT AND CONCESSIONS - EU THRESHOLDS
All Estimated Values are Excluding VAT

	AUTHORITY PUBLISHING PROCUREMENT CALLS	SUPPLIES Estimated Value	SERVICES Estimated Value	DESIGN CONTESTS Estimated Value	WORKS Estimated Value
PUBLIC PROCUREMENT LN 352/2016 (S.L. 601.03)	Department of Contracts and Ministerial Procurement Units	From € 139,000 <i>Previously was € 144,000</i>	From € 139,000 <i>Previously was € 144,000</i>	From € 139,000 <i>Previously was € 144,000</i>	From € 5,350,000 <i>Previously was € 5,548,000</i>
	Schedule 3 Contracting Authorities (excluding Local Councils)	From € 139,000 <i>Previously was € 144,000</i>	From € 139,000 <i>Previously was € 144,000</i>	From € 139,000 <i>Previously was € 144,000</i>	From € 5,350,000 <i>Previously was € 5,548,000</i>
	Sub-Central Contracting Authorities (i.e. Local Councils)	From € 214,000 <i>Previously was € 221,000</i>	From € 214,000 <i>Previously was € 221,000</i>	From € 214,000 <i>Previously was € 221,000</i>	From € 5,350,000 <i>Previously was € 5,548,000</i>
UTILITIES PUBLIC PROCUREMENT LN 351/2016 (S.L. 601.05)	Utilities Contracting Authorities/Entities	From € 428,000 <i>Previously was € 443,000</i>	From € 428,000 <i>Previously was € 443,000</i>	From € 428,000 <i>Previously was € 443,000</i>	From € 5,350,000 <i>Previously was € 5,548,000</i>
CONCESSIONS LN 353/2016 (S.L. 601.09)	All Contracting Authorities/Entities	/	From € 5,350,000 <i>Previously was € 5,548,000</i>	/	From € 5,350,000 <i>Previously was € 5,548,000</i>

The above thresholds are applicable for all procurement, thus, no distinction between locally-funded and EU-funded shall be made.

A Contract Notice must be published in the Official Journal of the European Union when the Estimated Procurement Value meets or exceeds the Thresholds.

Table 2

PUBLIC PROCUREMENT - LOCAL THRESHOLDS
All Estimated Values are Excluding VAT

	AUTHORITY PUBLISHING PROCUREMENT CALLS	SUPPLIES Estimated Value	SERVICES Estimated Value	WORKS Estimated Value
PUBLIC PROCUREMENT LN 352/2016 (S.L 601.03)	Contracting Authorities <u>Non-Decentralised Ministries</u>	Less than € 139,000	Less than € 139,000	Less than € 139,000
	Contracting Authorities <u>Decentralised Ministries</u>	Equal to or Less than € 10,000	Equal to or Less than € 10,000	Equal to or Less than € 10,000
	Ministerial Procurement Units obo Contracting Authorities <u>Decentralised Ministries</u>	€ 10,000.01 - € 250,000	€ 10,000.01 - € 250,000	€ 10,000.01 - € 250,000
	Department of Contracts obo Contracting Authorities <u>Non-Decentralised Ministries</u>	From € 139,000	From € 139,000	From € 139,000
	Department of Contracts obo Contracting Authorities <u>Decentralised Ministries</u>	From € 250,000.01	From € 250,000.01	From € 250,000.01
UTILITIES PUBLIC PROCUREMENT LN 351/2016 (S.L 601.05)	Utilities Contracting Authorities/Entities	Less than € 428,000	Less than € 428,000	Less than € 428,000
	Department of Contracts obo Utilities Contracting Authorities/Entities	From € 428,000	From € 428,000	From € 428,000

The above thresholds are applicable for all procurement, thus, no distinction between locally-funded and EU-funded shall be made.