

Department of Contracts
Notre Dame Ravelin
FLORIANA

To Permanent Secretaries
Directors General
Directors
Heads of Public Sector Organisations

28 November 2017

**REGULATIONS REGARDING THE AWARD OF SERVICE CONTRACTS WITHIN THE
PUBLIC ADMINISTRATION – 2018, 2019 AND 2020 RATES**

Reference is being made to Contracts Circular Numbers 27/2014, 04/2015, 20/2016, 01/2017, 07/2017 and 08/2017 published with the intent to establish the Minimum Hourly Rates Payable to the Contractor in the case of a number of services, namely cleaning, street sweeping, care working, clerical and security. The stipulated rates are an effort to mitigate precarious work conditions.

The contents of the aforementioned circulars are now being updated to reflect the rates following the new Collective Agreement 2017-2024 for the Public Service of Malta employees.

The new rates for year 2018, 2019 and 2020 are enclosed as per Annex 1 to this Circular. Such new rates are payable and applicable to all new service contracts entered into as of 01 January 2018. It is to be reiterated that the outlined cost for the said employment refers to the **‘Total Cost payable to Contractor’**.

Furthermore, Contracting Authorities are to take note that the 2019 and 2020 ‘Total Cost payable to Contractor’, as per Annex 1, may be revised if the Government of Malta increases the amount of annual vacation leave, in the respective annual budget. Nonetheless, such rates are being included as a guideline for future use.

It is to be noted that the contents of this Circular are also being extended to the Public Private Partnerships (Elderly Care) and Homes for the Elderly Renting out Beds to the Government of Malta.

Tenders not yet Published

With regard to tenders which are still in the process of being published, it is imperative that such new service tenders include the minimum hourly rates, as established in Annex 1, in the procurement documents.

Published Tenders but not yet Awarded

In the case of tenders already published but not yet awarded, including tenders at publication and evaluation stage as well as contracts not yet signed by both parties, the contract shall be drawn up using the tender conditions and specifications as published, however, an addendum to the contract shall then be issued reflecting the new hourly rates covering 2018, 2019 and 2020, as applicable.

Contracts in the Implementation Stage – Awarded after 01 January 2015

Service contracts for the said employments, which are at present in the implementation stage and which contracts were pegged to the rates stipulated through Contracts Circulars 27/2014, 04/2015, 20/2016, 01/2017, 07/2017 and 08/2017 shall request and issue, through the approved channels, an addendum to the contract. The estimated increase in the total awarded Contract Value is also to be specified in the request for approval. The new rates are also applicable for any extension periods of already awarded contracts.

Contracts in the Implementation Stage – Awarded before 01 January 2015

Service contracts, which are at present in the implementation stage and which contracts were awarded before 01 January 2015 (i.e. which were not applying instructions in the Contracts Circulars 27/2014, 04/2015, 20/2016 and 01/2017, 07/2017 and 08/2017), upon their expiration date, should publish a new tender utilising the new rates as per Annex 1.

Addendum

The addendum to be drawn up in the relevant scenarios depicted above, shall reflect the minimum hourly rates covering 2018, 2019 and 2020 (as applicable) and should specify that the new rates applicable are those in the **‘Total Cost Payable to Contractor’** column.

Therefore, irrespective of the rate tendered for and awarded to any given Contractor, the difference between the 2018 (2019 or 2020 as applicable) ‘Total Cost Payable to Contractor’ and the 2017 previously referred to as ‘Total Workers’ Cost’ (2018 or 2019 as applicable) should be paid as a modification / variation to the Contractor.

Contact

With regard to the content of this Circular, Contracting Authorities are encouraged to submit any queries to the Department of Contracts’ customer care service on info.contracts@gov.mt or +356 21220212.

All Contracting Authorities paying backdated modifications (variations) to Contractors should inform the Department for Industrial and Employment Relations (DIER) through info.dier@gov.mt or +356 21224245/6. In addition, the said Department should also be contacted by Contractors and other interested parties with regard to specific queries relating to the **‘Total Cost payable to the Contractor’s Employees’**,

Anthony Cachia

Director General (Contracts)