

Department of Contracts  
Notre Dame Ravelin  
FLORIANA

To Permanent Secretaries  
Directors General  
Directors  
Heads of Public Sector Organisations

21 December 2018

**REGULATIONS REGARDING THE AWARD OF SERVICE CONTRACTS  
WITHIN THE PUBLIC ADMINISTRATION – 2019, 2020 AND 2021 RATES**

Reference is being made to Contracts Circular Numbers 27/2014, 04/2015, 20/2016, 01/2017, 07/2017, 08/2017 and 20/2017 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 new rates for year 2019, 2020 and 2021, which reflect the rates following the Collective Agreement 2017-2024 for the Public Service of Malta employees, 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 2019. 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 2020 and 2021 ‘Total Cost payable to Contractor’, as per Annex 1, may be revised if the Government of Malta amends the applicable legislation such as the annual vacation leave entitlement as per the respective annual budget. Nonetheless, such rates are being included as guidelines 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.

### **Procurement not yet Published**

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

### **Published Procurement but not yet Awarded**

In the case of procurement already published but not yet awarded, including procurement at publication and evaluation stage as well as contracts not yet signed by both parties, the contract shall be drawn up using the procurement conditions and specifications as published. However, Contracting Authorities shall request and issue, through the approved channels, an addendum to the contract reflecting the new hourly rates covering 2019, 2020 and 2021, 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, 08/2017 and 20/2017 necessitate an addendum to the contract. Thus, Contracting Authorities 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, 08/2017 and 20/2017), upon their expiration date, should publish a new procurement 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 2019, 2020 and 2021 (as applicable) and should specify that the new rates applicable are those in the ‘**Total Cost Payable to Contractor**’ column.

Therefore, irrespective of the bidding rate and awarded rate to any given Contractor, the difference between the 2019 (2020 or 2021 as applicable) and the 2018 (2019 or 2020 as applicable) ‘Total Cost Payable to Contractor’ 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](mailto: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](mailto: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’**. Specifically, Contractors are to note that their employees are to receive the Government Weekly Allowances and Government Bonuses in their appropriate month.

Furthermore, in order to ensure that any other remuneration due to the employees such as overtime, Sundays and Public Holidays, are paid as per the provisions that arise from Chapter 452 (EIRA), its subsidiary legislations, relevant Wage Regulation Orders and any other subsequent Legal Notices that might come into effect after the date of the publication of this circular, Contractors are encouraged to contact the Department for Industrial and Employment Relations.

Anthony Cachia  
Director General (Contracts)