



## **Business and Public Tenders**

The 'Ta' Qali Crafts Village' - needless to say that the delay in getting the project done after so many years is a message in itself. One particular businessman complained that various competitors within the village do not produce genuine crafts and simply import mass produced products. A person is kept on display simply for cosmetic purposes and not because the products being sold are actually genuine crafts.

From a more generic point of view, an SME businessman has sent us the following feedback:

“The problem of getting paid. We need a maximum credit limit. It is the small companies which hurt and not the large companies. The reason being, the large companies have the cash flow and earn interest in the bank. The small companies wait to get paid and pay interest to the bank. Various countries around the world use a max credit duration limit. In France (if I am not mistaken it is 40 days). If you do not pay by the 40<sup>th</sup> day your financial world around you will start to crumble. This 90 and 120 day credit duration was required in Malta many years ago when the hotel got paid by Tour Operators. Today most people book and pay on line, so there is no further need for this system.”

“Small companies are not always being given the chance to tender for small, medium or large projects. One of our import lines is special bathroom accessories in stainless steel, such as toilets, sinks, dispensers, etc. We have a very good brand and can compete price wise. But since we cannot submit a tender for “part of” the products needed we must resort to going contacting the various large companies which usually are awarded such tenders in order to try and sell our products. First of all most of these large companies tell us they import their own similar products. Secondly government probably end up paying a higher price for an inferior quality product. In terms of quality - we specialize therefore we know our products and the quality of products we supply. Turnkey companies specialize first and foremost in project management therefore quality and functionality are not high on the importance list. In terms of price, should we be allowed to tender we would offer a particular item for Euro 100. But since we can't tender we are obliged to offer this same product to large turnkey project managers at a price of Euro 85 who will probably add a margin of anywhere between 25% and 100% to our discounted price. Therefore the price contracted by Government with the turnkey contractor will be higher than the price we would have offered. Small companies like



ours can only tender via the large companies. This is not fair. And the large companies get bigger. Big business dictates.”

Proposal: A Government database of products frequently purchased by Government or Government entities needs to be established. This database can be considered a market place where companies can include product descriptions, technical descriptions, images and any other factual information required. Besides the factual information companies must also include a price for this product. What is important is that competing companies are allowed to see the factual and pricing information for each and every single product. This price can be changed upwards or downwards once a year, once a month, once a week or once an hour, depending upon the strategy of the individual company. This is open competition. The system has its difficulties too since Government personnel could inform certain companies of a pending purchase to be made on a certain day and at a certain time. In fact, purchasing personnel within Government should inform all the companies having products the “pending required products” that a pending purchase will be made. Difficulties could be ironed out. But, what is important is the price will always be as low as it can go.

