

PUBLIC CONTRACTS REVIEW BOARD

Case No. 438

Q011/12

Tender for the Lease of Colour Energy Efficient Multifunctional Printers

This call for tenders was published in the Government Gazette on the 26th January 2012. The closing date for this call with an estimated budget of € 110,000 (excl. VAT) was the 17th February 2012.

Seven (6) tenderers submitted their eleven (11) offers altogether.

Messrs Office Group Ltd filed an objection on the 4th May 2012 against the decisions of the Malta Information Technology Agency to discard its offer (Option 2) as not being the cheapest compliant offer and to recommend the award of the tender to Image Systems Ltd.

The Public Contracts Review Board composed of Mr Alfred Triganza as Chairman, Mr Joseph Croker and Mr Paul Mifsud as members convened a public hearing on Thursday, 26th July 2012 to discuss this objection.

Present for the hearing were:

Office Group Ltd

Dr Kevin Dingli	Legal Representative
Mr Steve Holland	Sales and Marketing Manager
Mr Anthony Micallef	Representative

Image Systems Ltd

Ms Kathleen Falzon	Representative
Mr Alex Gollcher	Representative

Malta Information Technology Agency (MITA)

Dr Danielle Cordina	Legal Representative
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Evaluation Board

Mr Wayne Valentine	Chairman
Mr Rudiger Ellul	Member
Mr Michael Degiorgio	Member


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After the Chairman's brief introduction, the appellant company's representative was invited to explain the motives of his company's objection.

Dr Kevin Dingli, legal representative of Office Group Ltd, the appellant company, explained that:

- i. by letter dated 27th April 2012 Malta Information Technology Agency had informed his client that, of his two offers, *Option 1* had been disqualified because the Bill of Quantities was not in line with the tender Price Schedule whereas *Option 2* was discarded for not being the cheapest compliant offer;
- ii. his client retained that the price the company quoted in respect of *Option 2* was inclusive of VAT whereas the tender document requested the quote exclusive of VAT as per Price Schedule at page 7;
- iii. if one were to deduct VAT from his client's offer then the company's quote would amount to €5,082.05 per printer, including the 'mono' and 'colour' copies, and, as a result, it would be cheaper than that of the recommended tenderer at €5,180 per printer.

Mr Wayne Valentine, chairman of the evaluation board, explained that, as per appendix to the evaluation report concerning the price schedule, the contracting authority requested:-

- (a) the monthly lease of 1 printer x 60 months (contract period)
- (b) the cost of 250,000 mono copies per printer (for 60 months)
- (c) the cost of 20,000 colour copies per printer (for 60 months);

Mr Valentine stated that (a) to (c) above would give the total price for 1 printer for 60 months and, on that basis, one would work out the total cost for 8 printers.

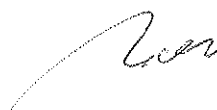
As it was evident that there was a discrepancy in the methodology applied by the appellant company and by the contracting authority in arriving at the total price offered, the Public Contracts Review Board, in collaboration with the contracting authority's representatives and the appellant company's representatives, worked out, step by step, the prices requested as per Price Schedule according to the following rates applicable to Office Group Ltd:-

(a) lease of 8 printers per month: €779.60 less VAT = €660.67 (excl VAT) /8 printers = €82.58 per printer per month

(b) rate per mono copy: €0.0055

and

(c) rate per colour copy: €0.05



The following tables represent the costings in respect of Option 2 submitted by Office Group Ltd and in respect of Image Systems Ltd, the recommended bidder. As can be evidenced, during the hearing it transpired that Option 2 of Office Group Ltd amounted to a total price of €58,638.40 whereas the total price quoted by Image Systems Ltd amounted to €41,440.

Office Group Ltd Option 2			
	€	No.	€
	Rate per	of months	Total
	month		(excl. VAT)
Lease per printer	82.58	60	4,954.80
	unit rate	of copies	
A4 Mono	0.0055	250,000	1,375.00
	unit rate	of copies	
A4 Colour	0.05	20,000	1,000.00
			7,329.80
			8
			58,638.40
			per copier
			8 copiers
			Total

Image Systems Ltd			
	€	No.	€
	Rate per	of months	Total
	month		(excl. VAT)
Lease per printer	0	0	0.00
	unit rate	of copies	
A4 Mono	0.014	250,000	3,500.00
	unit rate	of copies	
A4 Colour	0.084	20,000	1,680.00
			5,180.00
			8
			41,440.00
			per copier
			8 copiers
			Total

At this point the hearing was brought to a close.

This Board,

- having noted that the appellants, in terms of their 'reasoned letter of objection' filed on the 4th May 2012 and also through their verbal submissions presented during the hearing held on the 26th July 2011, had objected to the decision taken by the pertinent authorities;
- having noted all of the appellant company's representatives' claims and observations, particularly, the references made to the fact that (a) by letter dated 27th April 2012 Malta Information Technology Agency had informed the appellant company that, of its two offers, *Option 1* had been disqualified because the Bill of Quantities was not in line with the tender Price Schedule whereas *Option 2* was discarded for not being the cheapest compliant offer, (b) the appellant company retained that the price the company quoted in respect of *Option 2* was inclusive of VAT whereas the tender document requested the quote exclusive of VAT as per Price Schedule at page 7 and (c) if one were to deduct VAT from the appellant company's offer then the company's quote would amount to €5,082.05 per printer, including the 'mono' and 'colour' copies, and, as a result, it would be cheaper than that of the recommended tenderer at €5,180 per printer;
- having considered the contracting authority's representatives' reference to the fact that, as per appendix to the evaluation report concerning the price schedule, the contracting authority requested (1) the monthly lease of 1 printer x 60 months (contract period), (2) the cost of 250,000 mono copies per printer (for 60 months) and (3) the cost of 20,000 colour copies per printer (for 60 months) and that, as a result, (1) to (3) would give the total price for 1 printer for 60 months and, on that basis, one would work out the total cost for 8 printers,

reached the following conclusion, namely, the Public Contracts Review Board feels that the fact that after it during the hearing, in collaboration with the contracting authority's representatives and the appellant company's representatives, worked out, step by step, the prices requested as per 'Price Schedule', it was evidently clear that *Option 2* of Office Group Ltd amounted to a total price of €58,638.40 whereas the total price quoted by Image Systems Ltd amounted to €41,440.

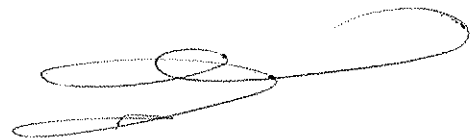
In view of the above, this Board finds against the appellant company and recommends that the deposit paid by the appellant company for the appeal to be lodged should not be reimbursed.



Alfred R Triganza
Chairman



Joseph Croker
Member



Paul Mifsud
Member

31st July 2012