



SURUHANJAYA PERSAINGAN MALAYSIA
MALAYSIA COMPETITION COMMISSION

BID RIGGING

MALAYSIA COMPETITION COMMISSION



What is Bid Rigging?

Bid rigging is an agreement (written or oral) between bidders that may prevent or restrict competition in a tendering activity. Bid rigging occurs when two or more bidders in a tender collude to decide the winning bidder.

What are the forms of bid rigging?

The forms of bid rigging are :

- 1 Bid Suppression
- 2 Bid Rotation
- 3 Bid Withdrawal
- 4 Cover pricing
- 5 Non-conforming bids




What are the signs of bid rigging?

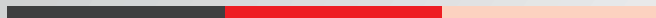
Usually, these signs appear when the bidder submits the bid documents :

- Suspicious statements or behaviour.
- Striking similarities in bid documents.
- Unusual mistakes.

How to detect bid rigging?

Bidder's behaviour as listed above does not necessarily mean that there is bid rigging. However, the procurement officer must look out for the following situations:-

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- Identical mistakes in the bid documents or letters submitted by different companies, such as spelling errors and similar handwriting or typeface;
 - Bid or price documents contain white-outs or other physical alterations indicating last-minute price changes;
 - A bidder submits the bidding documents for itself and its competitors at the same time;
 - Bidders collude to bid on the same tender even though they are unqualified / incapable of implementing the contract;
 - A bidder seems to know confidential information about its competitors when the procurement officer is the only person who has the access to the information; and
 - In a staged tender, the result shows that the bidders participating in all the stages of the tender taking turns winning each stage.



How to reduce the risk of bid rigging?

Some of the ways to reduce the risk of bid rigging are :

Be well informed of the products or services required before a tender is open to the bidders;



Collect as much information as possible on the potential bidders, their products, their prices as well as their costs. Information on past tenders for the same or similar products should also be recorded;



Design the tender process by inviting a sufficient number of credible and potential bidders. Unnecessary restrictions should not be imposed as this may reduce the number of qualified bidder;



Avoid making the number of lots equal to the number of companies that are expected to bid in the tender procedure or making the lots of equal value;



If it is necessary to meet the companies, meet them individually, but avoid meeting them before the deadline to submit tenders;



Compare tenders from previous tender procedures with the current one and with tender procedures conducted in nearby geographic areas;



Periodically review the history of tenders for particular products or services; and



Inserting a clause in the contract stating that bid rigging is a prohibition under the Act.





What are the factors contributing to bid rigging?

1

Small and limited number of companies participating in the bid.

3

Unpredictable market conditions.

2

Barriers of entry into the market.

4

Lack of knowledge and awareness by industry players on bid rigging.

What should the procurement officer do when suspicious of bid rigging ?



Avoid discussions with the bidders.



Keep all tender documents in a safe place.



Keep a detailed record of all suspicious behaviour and statements.



Contact MyCC for assistance.



What can the procurement officer do to minimise the risk of bid rigging?

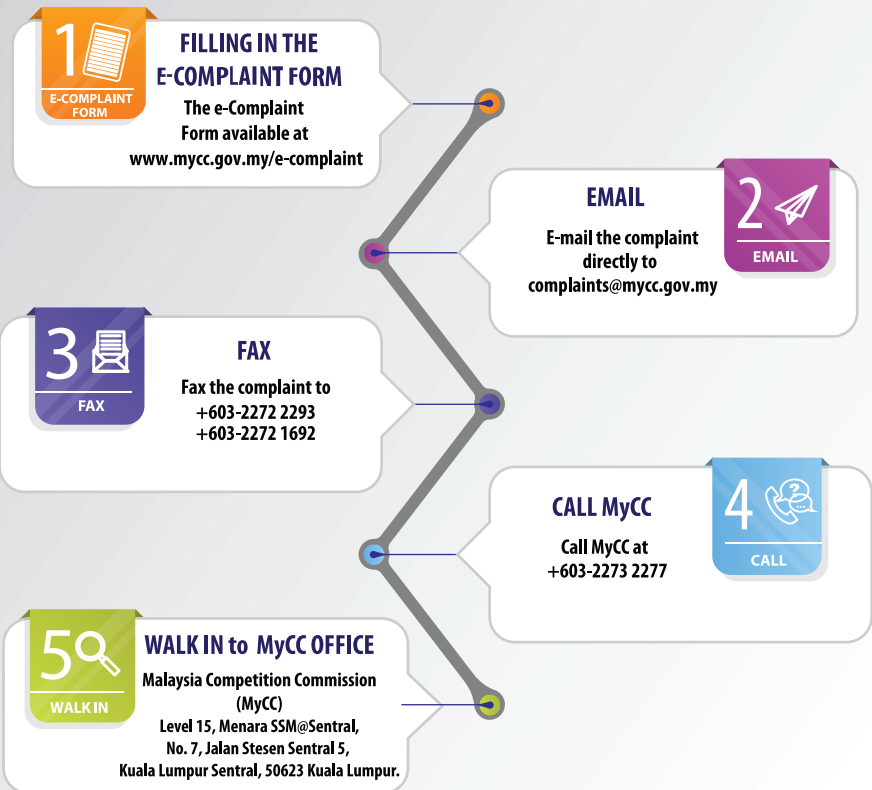
01	Be informed before designing the tender process;
02	Design the tender process to maximise the potential participation of genuinely competing bidders;
03	Define your requirements clearly and avoid predictability;
04	Design the tender process to effectively reduce communication among bidders;
05	Carefully choose your criteria for evaluating and awarding tender; and
06	Raise awareness among your staff about the risk of bid rigging in procurement.

Is procurement by direct negotiation an offence under Competition Act 2010?

Procurement by direct negotiation is not an offence under the Competition Act 2010 as it is allowed in the circular and directive issued by the Treasury.

How to report a suspicious bid rigging activity?

You should contact MyCC if you suspect there is bid rigging in any tender procedure. You shall remain anonymous if you divulge information to the MyCC. Anonymous callers may also contact MyCC if they suspect the existence of bid rigging. You can lodge your complaint by:





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No. 7, Jalan Stesen Sentral 5,
Kuala Lumpur Sentral, 50623 Kuala Lumpur.

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