

Competition Commission “Fighting Bid-rigging Cartels” Educational Video – Subtitles

Preventing

- Voice-over: This is no ordinary box! It symbolizes a fair selection process that ensures consumers can obtain better products and services at better prices.
- Voice-over: We bidders could control the prices and results ourselves! Cheating? So what? It has always been this way!
- Voice-over: Times have changed!
- Voice-over: The Competition Ordinance is already in full force! It is illegal for competitors to rig bids and the Commission will combat bid-rigging cartels head-on!
- Voice-over: So today we have invited Mr. Lee to share some tips on how to tackle bid-rigging!
- Voice-over: The best way to win is to follow Sun Tzu’s advice in *Art of War*: to know oneself and one’s enemies. Let’s take a look!
- Voice-over: So how should we play it this time?
- Voice-over: Just say you require 90% payment upon contract confirmation.
- Voice-over: Don’t worry! I’ll make sure you get some juicy subcontracts if I win the bid!
- Voice-over: Ha, ha, ha...
- Voice-over: The footage was adapted from a case with information provided by a leniency applicant.
- Voice-over: Which one in the video is the whistleblower?
- Voice-over: The identity of whistleblowers is confidential!
- Voice-over: How can we spot bid-riggers?
- Voice-over: These are signs we can look for. Here are four tell-tale signs.
- Voice-over: First, beware of tender documents from different bidders using the same wordings, typefaces and formats, or with the same typographical errors and miscalculations!
- Voice-over: Second, see if the winning bidder subcontracts work to the losing companies every time.
- Voice-over: Third, look for any suspicious pricing patterns such as a bidder that bids relatively high in some tenders but then relatively low in other similar tenders.
- Voice-over: Fourth, they often make last minute changes and may even withdraw their bid suddenly.
- Voice-over: It’s a free market! We can do nothing if a bidder chooses to opt out all of a sudden.
- Voice-over: That’s true! But as procurement officers who are responsible for tendering, you can draw up rules of the games. Here are four rules for your reference. Let’s check them out!
- Voice-over: Which one makes bid-rigging harder?
- Voice-over: The one on the left. The greater the number of bidders participate in the tender, the tougher it will be for bid-riggers to get to work! It will be more difficult for them to communicate and get everyone on board.

Voice-over: Good! Rule number 1 is to invite as many potential bidders as possible.

Voice-over: Rule number 2 is eliminating possible communications among bidders by not letting them know who else is invited to bid. For example, you should avoid inviting potential bidders to attend a briefing at the same time.

Voice-over: How can we get more bids?

Voice-over: Good question! Rule number 3 is to avoid unnecessary restrictions and minimize the cost of bidding to increase the number of qualified bidders.

Voice-over: Should we require people to submit bids on a line item basis or a lump sum basis?

I know. The answer is the left one! The more details we ask for, the easier we'll spot bid-riggers.

Voice-over: Excellent! The more items are available for comparison, the tougher it will be to rig bids.

Voice-over: We should make it clear in our tender documents that lump sum bids will not be accepted. When necessary, seek advice from a credible independent consultant.

Voice-over: But be careful, consultants may be close to the bidders, make sure they act in your interest. If it is a very large tender, consider hiring a second consultant to audit their work before awarding the tender.

Voice-over: My fellow procurement officers, we must learn the rules and be smart. We need to know the market and always stay alert. Bid-rigging is now illegal under the Competition Ordinance. We are no longer powerless, we can report to the Competition Commission.

Voice-over: You may also include a warning in your next tender invitation

Voice-over: Suspected bid-rigging will be reported to the Competition Commission for further investigation.

Voice-over: You may even require the bidders to sign an undertaking that they will not participate in bid-rigging.

Voice-over: While the Competition Commission will do all it can to combat bid-rigging cartels, procurement officers should also safeguard competition.

Voice-over: Always stay alert and improve the tendering procedures. Do not give cartel members a chance to succeed. If you suspect bid-rigging, report it to the Competition Commission now.