



MMASEPALA WA SELEHAE-LOCAL MUNICIPALITY-PLAASLIKE MUNISIPALITET

NOTICE: 14/2012

TO : ALL SERVICE PROVIDERS

Please take note that the preferential procurement regulations of 2011 came into effect on 07 December 2011. The revised regulations align the Preferential Procurement Policy Framework Act (No. 5 of 2000) (PPPFA) and the Broad Based Black Economic Empowerment (B-BBEE) Act (No. 53 of 2003).

Alignment of PPFA and B-BBEE Act

The revised preferential procurement regulations of 2011 align the PPPFA and B-BBEE Act through:

- ▶ Adopting the B-BBEE Act's definition of a black person
- ▶ Adopting the B-BB33 Act's classification of companies into the following categories:
 - ☐ Exempted Micro Enterprises (EMEs) – A micro enterprise with an annual revenue of R5 million or less.
 - ☐ Qualifying Small Enterprises (QSEs) – An enterprise with an annual turnover of between R5 million and R35 million.
 - ☐ Generic – All companies with an annual turnover of above R35 million
 - ☐ Using the B-BBEE Act's Codes of Good Practice to measure B-BBEE.
 - ☐ Using the B-BBEE Act's gazetted sector codes.

Further, the regulations retain the 80/20 and 90/10 preference point systems. However, the 80/20 system will apply to procurement of up to R1 million while the 90/10 system will apply to procurement exceeding R1 million. Moreover, in the 80/20 system, 80 points will go toward price while 20 points will go toward B-BBEE.

Similarly, in the 90/10 system, 90 points will go toward price while 10 points will go toward price while 10 points will go toward B-BBEE.

B-BBEE Verification

In terms of the revised regulations, as of 7 December 2011 any company which wants to do business with government must obtain a valid [B-BBEE certificate](#)

In order to be valid, a B-BBEE certificate must have been issued by one of the following types of companies :

- ▶ Verification agencies which are accredited by the South African National Accreditation System (SANAS)
- ▶ Registered auditors approved by the Independent Regulatory Board of Auditors (IRBA) in accordance with approval granted by the Department of Trade and Industry (the dti).

B-BBEE Verification for Exempted Micro Enterprises (EMEs)

EMEs automatically receive Level 4 B-BBEE status irrespective of ownership while EMEs who have more than 50% black ownership receive Level 3 B-BBEE status.

EMEs can submit one of the following documents to claim their B-BBEE status :

- ▶ Auditor's [certificate / EME letter](#)
- ▶ Certificate issued by an accounting officer
- ▶ Verification agency

There are accredited agencies and it will be wise for you to apply for your B-BBEE certificate as soon as possible.

Note : Please make sure that your SANAS – accredited verification agency is also accredited to verify companies falling within your sector.

RS KAU

MUNICIPAL MANAGER