

B-BBEE requirements for the Construction Industry

By Werner van Rooyen, Director of HowToTender (Pty) Ltd which specializes in tender consulting and tender training.

According to Section 4 of the Revised Construction Sector B-BBEE Codes, any enterprise with a total annual Revenue of R10 million or less if it is a Contractor, or R6 million or less if it is a Build Environment Professionals (BEP's), qualifies as an Exempted Micro Enterprise (EME). This is still more or less in line with the Generic B-BBEE Codes of Good Practice.

In Section 4.2, an EME is deemed to have the following B-BBEE status Level, under paragraph 8.3 of the new Codes:

- If less than 30% Black Owned, then “Level **Five** Contributor” having a B-BBEE recognition level of 80%;
- If 30% but less than 51% Black Owned, then “Level **Four** Contributor” having a B-BBEE recognition level of 100%;
- If 51% but less than 100% Black Owned, then “Level **Two** Contributor” having a B-BBEE recognition level of 125%;
- If 100% Black Owned, then “Level **One** Contributor” having a B-BBEE recognition level of 135%;

The best part of the *Amended Construction Sector Codes* is the Enhanced B-BBEE Status Level for an EME, whereby despite paragraphs 4.2, an EME is allowed (should they so wish) to maximise their points and move to a higher B-BBEE recognition level, by one of the following three means:

- Obtain **measurement** in terms of the QSE Scorecard as a whole, and apply the B-BBEE Status Level and B-BBEE Recognition Level so determined; or
- Obtain **measurement** in terms of the Skills Development expenditure category of the QSE Scorecard (paragraph 1.1 of Statement CSC603); only if full points (excluding the bonus points) are achieved for this category will the B-BBEE Status Level and corresponding B-BBEE Recognition Level of the EME be enhanced by one level.
- Obtain **measurement** in terms of the Supplier Development Expenditure category of the QSE Scorecard (paragraph 2.1 of Statement CSC604); only if full points are achieved for this category, can the B-BBEE Status Level and corresponding B-BBEE Recognition Level of the EME be enhanced by one level.

All the above is great news for EMEs. They can increase their B-BBEE status levels which was not the case in the previous Codes.

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Contact us at estelle@howtotender.co.za should you require more information.

You can also purchase a *Tender Manual (Handbook)* on our website <https://howtotender.co.za/> which is a step by step guide how to respond to a South African Tender. It includes examples of completed SBD forms.