

# Tenders, B-BBEE and the new Preferential Procurement Regulations 2017

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Having a good B-BBEE status level is VERY IMPORTANT in the tender process!

All tender documents will have the NEW Standard Bidding Document 6.2, which is used to claim your Preference Points for B-BBEE. The higher your B-BBEE status level, the more points you will score on the Preference Points System. Ultimately the bidder or bidders scoring the highest points will be awarded the tender.

One of the major changes in the *Preferential Procurement Regulations 2017*, is the increase in the threshold value on the 80/20 and 90/10 Preference Point Systems.

The following Preference Point Systems are applicable from 1 April 2017, to all Organ of State bids:

- the 80/20 Preference Point System for bids with a Rand value of more than R30,000-00 but not exceeding R50,000,000-00 (all applicable taxes included); and
- the 90/10 Preference Point System for bids with a Rand value above R50,000,000-00 (all applicable taxes included).

This means that on the 80/20 system your B-BBEE status level will earn you a point out of 20, and on the 90/10 system your B-BBEE status level will earn you a point out of 10.

To earn these points a potential bidder must have a B-BBEE certificate that has been issued by a verification agency accredited by the *South African Accreditation System (SANAS)* or the bidder must submit an affidavit stating its B-BBEE status level.

Exempt Micro Enterprises (EME's) must acquire an affidavit regarding their B-BBEE status level – no verification is required. This is also applicable to Qualifying Small Enterprises (QSE's) with 51% or more black ownership.

The various B-BBEE status levels that an EME can achieve, through an affidavit, are:

- EME's that are not Black-owned automatically qualifies as a Level 4 contributor to B-BBEE,
- EME's that have 51% or more (but not 100%) black ownership qualifies as a Level 2 contributor to B-BBEE and
- EME's that have 100% black ownership qualifies as a Level 1 contributor to B-BBEE.

A 100% Black-owned EME will therefor earn maximum points (either 20 or 10, depending on the value of the tender) on the Preference Point System.

A valid B-BBEE certificate or B-BBEE affidavit is especially important in the Tender Process. Ensure your business scores the highest possible score on its B-BBEE certificate or B-BBEE affidavit.

To learn more about this and many other tender conditions attend our "Become a Tender Expert" 2-Day workshops presented in Johannesburg, Pretoria, Durban, Port Elizabeth, and Cape Town. Book and pay online at <https://howtotender.co.za/tender-expert-form/>

Contact us at [estelle@howtotender.co.za](mailto: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.