



## **national treasury**

Department:  
National Treasury  
REPUBLIC OF SOUTH AFRICA

**TO ALL: ACCOUNTING OFFICERS OF DEPARTMENTS AND CONSTITUTIONAL INSTITUTIONS**

**ACCOUNTING AUTHORITIES OF ALL SCHEDULE 2 AND 3 PUBLIC ENTITIES**

**HEAD OFFICIALS OF PROVINCIAL TREASURIES**

**ACCOUNTING OFFICERS OF ALL MUNICIPALITIES AND MUNICIPAL ENTITIES**

### **NATIONAL TREASURY SUPPLY CHAIN MANAGEMENT CIRCULAR 5 of 2016/17**

#### **SUBMISSION OF BROAD-BASED BLACK ECONOMIC EMPOWERMENT (B-BBEE) STATUS LEVEL CERTIFICATES AND SWORN AFFIDAVITS**

##### **1. PURPOSE**

This Circular serves to provide guidance to Accounting Officers (AOs) and Accounting Authorities (AAs) on the issuance and validity of B-BBEE Status Level Certificates and sworn affidavits for Exempted Micro Enterprises (EME) and Qualifying Small Enterprises (QSE).

##### **2. ELIGIBILITY AS AN EXEMPTED MICRO-ENTERPRISE (EME)**

- 2.1 The Codes of Good Practice, 2013 (The Codes) under section 9(1) of the Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003) defines an EME as any enterprise with annual total revenue of R10 million or less.

##### **EME level of contribution**

- 2.2 An EME automatically qualifies as a **Level 4 contributor** with B-BBEE recognition level of 100% in terms of the Codes of Good Practice.
- 2.3 An EME with at least 51% black ownership qualifies as a **Level 2 contributor** with B-BBEE level of 125% in terms the Codes of Good Practice.
- 2.4 An EME with 100% black ownership qualifies as a **Level 1 contributor** with B-BBEE level of 135% in terms of the Codes of Good Practice.
- 2.5 An EME that is regarded as a specialised enterprise<sup>1</sup> with at least 75% black beneficiaries qualifies as a **Level 1 contributor** with B-BBEE level of 135% in terms of the Codes of Good Practice.

<sup>1</sup> **Specialised Enterprise** means a Company limited by guarantee, Higher Education Institution, Non-profit Company, Public Entity and other Enterprises exclusively owned by Organs of State and public benefit sachem or Public benefit organisation.

- 2.6 An EME that is regarded as a specialised enterprise with at least 51% black beneficiaries qualifies as a **Level 2 contributor** with B-BBEE level of 125% in terms of the Codes of Good Practice.

**Points claim in terms of the preferential procurement regulations 2011 by an EME**

- 2.7 An EME is required to submit a sworn affidavit confirming their **annual total revenue of R10 million or less and level of black ownership** or a B-BBEE level verification certificate to claim points as prescribed by regulation 5 and 6 of the Preferential Procurement Regulations, 2011.
- 2.8 An EME that is regarded as a Specialised Enterprise, is required to submit a sworn affidavit confirming their **annual turnover/ allocated budget/ gross receipt of R10 million or less and level of percentage of black beneficiaries** or a B-BBEE level verification certificate to claim points as prescribed by regulation 5 and 6 of the Preferential Procurement Regulations, 2011.

**3. ELIGIBILITY AS QUALIFYING SMALL ENTERPRISES (QSE)**

- 3.1 The Codes defines a QSE as any enterprise with annual total revenue of between R10 million and R50 million.

**QSE level of contribution**

- 3.2 A QSE with at least 51% black ownership qualifies as a **Level 2 contributor**.
- 3.3 A QSE with 100% black ownership qualifies as a **Level 1 contributor**.
- 3.4 A QSE that is regarded as a specialised enterprise with at least 75% black beneficiaries qualifies as a **Level 1 contributor** with B-BBEE level of 135% in terms of the Codes of Good Practice.
- 3.5 A QSE that is regarded as a specialised enterprise with at least 51% black beneficiaries qualifies as a **Level 2 contributor** with B-BBEE level of 125% in terms of the Codes of Good Practice.
- 3.6 **Points claim in terms of the Preferential Procurement Regulations 2011 by a QSE**
- 3.7 A QSE, is required to submit a sworn affidavit confirming their **annual total revenue of between R10 million and R50 million and level of black ownership** or a B-BBEE level verification certificate to claim points as prescribed by regulation 5 and 6 of the Preferential Procurement Regulations, 2011.
4. A QSE that is regarded as a specialised enterprise, is required to submit a sworn affidavit confirming their **annual turnover/ allocated budget/ gross receipt of R50 million or less and level of percentage of black beneficiaries** or a B-BBEE level verification certificate to claim points as prescribed by regulation 5 and 6 of the Preferential Procurement Regulations, 2011.

**5. SUBMISSION OF B-BBEE STATUS LEVEL CERTIFICATES**

- 5.1 Bidders other than EMEs and QSEs are required to submit an original or certified copy of B-BBEE status level certificates to claim points in terms of regulation 5 and 6 of the Preferential Procurement Regulations, 2011.

**6. AUGMENTATION OF STANDARD BIDDING DOCUMENT (SBD) AND MUNICIPAL BIDDING DOCUMENT (MBD) 6.1**

- 6.1 The Standard Bidding Document (SBD) and Municipal Bidding Document (MBD) 6.1 "*Preference point claim form in terms of the Preferential Procurement Regulations*" has been augmented to cater for the latest requirements on the acceptance of sworn affidavits.
- 6.2 The SBD 6.1 and MBD 6.1 attached to this circular replaces the SBD 6.1 and MBD 6.1 issued in terms SCM Circular: dated 01 December 2011: Implementation guide: Preferential Procurement Regulations, 2011.

**7. REPEAL OF CIRCULAR DATED 29 FEBRUARY 2012 AND CIRCULAR DATED 2 SEPTEMBER 2015**

This Circular repeals the Circular on Issuance and Validity of Broad-Based Black Economic Empowerment (B-BBEE) status level certificates in respect of Exempted Micro Enterprises (EMEs) dated 29 February 2012 and the Circular on Acceptance of Sworn Affidavits in terms of the amended B-BBEE Codes dated 02 September 2015.

**8. ENQUIRIES**

Any enquiries in respect of B-BBEE Status Level Certificates may be directed to the Department of Trade and Industry as follows:

Ms Janeez Hafizulla  
Director: Procurement Transformation and Verification  
Tel: (012) 394 1694  
Fax: (012) 394 2694  
E-mail: [JHafizulla@thedti.gov.za](mailto:JHafizulla@thedti.gov.za)

**9. APPLICABILITY**

This Circular applies to all National and Provincial Departments, Constitutional Institutions, Public Entities listed in schedules 2 and 3 to the PFMA and Municipalities and Municipal Entities to which the MFMA applies.

**10. DISSEMINATION OF INFORMATION CONTAINED IN THIS CIRCULAR**

- 10.1 Accounting Officers of National and Provincial Departments are requested to bring the contents of this Circular to the attention of Accounting Authorities and the Supply Chain Management Officials of Schedule 3A and 3C Public Entities reporting to their respective Executive Authorities.
- 10.2 Heads of Provincial Treasuries are requested to bring the contents of this circular to the attention of Accounting Officers and Supply Chain Management Officials of their respective Provincial Departments.

- 10.3 Accounting Officers of Municipalities and Municipal Entities are requested to bring the contents of this Circular to the attention of the Supply Chain Management Officials of their Municipalities and Municipal Entities.
- 10.4 Accounting Authorities of Schedule 2, 3B and 3D Public Entities are requested to bring the contents of this Circular to the attention of the Supply Chain Management Officials of their Public Entities.

**11. CONTACT INFORMATION**

Ms Leanda Kleinbooi  
Director: SCM Policy and Legal  
Tel. No: 012 315 5715  
E-mail: [leanda.kleinbooi@treasury.gov.za](mailto:leanda.kleinbooi@treasury.gov.za)



**ESTELLE SETAN**  
**ACTING CHIEF PROCUREMENT OFFICER**

**DATE:** 26/4/2016