



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

REVISED PREFERENTIAL PROCUREMENT REGULATIONS

The National Treasury has released the revised Preferential Procurement Regulations, which have been aligned with the aims of the Broad-based Black Economic Empowerment Act and its associated Codes of Good Practice. The revised regulations are also in line with government's Industrial Policy Action Plan. They can be found on the National Treasury website on this link:

<http://www.treasury.gov.za/divisions/sf/sc/PPFA/1-34350%208-6%20NatTreas.pdf>

The main changes contained in the revised regulations are as follows:

- Previously bidders scored a maximum of 80 or 90 points for price, and 20 or 10 points for black ownership and for promoting specified RDP goals. The points for price will remain unchanged, while bidders will now score up to 20 or 10 points for their *B-BBEE status level of contribution*.
- All bidders will have to submit BEE rating certificates, issued by either verification agencies accredited by the South African Accreditation System (SANAS) or by registered auditors approved by the Independent Regulatory Board for Auditors (IRBA).
- Previously, the threshold value for the distinction between the 80/20 and 90/10 preference point system was R500 000. This has now been increased to R1 million to stimulate the development of small enterprises.
- To promote uniformity throughout the public sector procurement system, the revised regulations will also be applicable to schedule 2, 3B and 3D public entities, which were previously exempt. (The full list of public entities can be found on <http://www.treasury.gov.za/legislation/pfma/public%20entities/2011-04-01%20Public%20institutions%20Sch%201-3D.pdf>)

The draft regulations were published for comment in 2009, a process which resulted in over 150 comments being received by National Treasury.

The new regulations become effective from 7 December 2011 to allow enterprises to become BEE rated. This will also allow time to train all supply chain practitioners on the implementation of the revised regulations.

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