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MEDIA STATEMENT

FOR IMMEDIATE RELEASE

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BORDER FENCE CONTRACTORS LOSSES APPEAL TO KEEP PROFITS EARNED FROM R40 MILLION COVID-19 CONTRACTS

The Special Investigating Unit (SIU) welcomes the judgment of the High Court of South Africa: Gauteng Division, Johannesburg, which dismissed an application brought by **Caledon River Properties Pty Ltd and Profteam CC** to appeal a decision of the Special Tribunal to strip them of profits earned from the construction of a border mesh fence during Covid-19 pandemic.

Soon after the fence was erected in March 2020, it started to fall apart. In July 2020, President Cyril Ramaphosa authorised SIU through Proclamation No. R. 23 of 2020, to investigate the affairs of all State institutions in respect of the procurement or contracting for goods, works and services, during, or in respect of the National State of Disaster, by or on behalf of State institutions. The Proclamation prompted the SIU to investigate the awarding of contracts to Caledon River Properties Pty Ltd and Profteam CC.

In March 2022, the Special Tribunal reviewed and set aside two contracts awarded to service providers by the National Department of Public Works and Infrastructure to the value of **R40.4 million** for the construction of the razor mesh fence between South Africa and Zimbabwe. The Tribunal also ordered the service providers to be divested of the profits earned from the multimillion-rand contracts.

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The Service providers had agreed to the declaration of invalidity of the contracts due to procurement irregularities. However, they appealed to the full bench of the High Court to challenge the Special Tribunal's order depriving them of the profits made from the impugned contracts.

The High Court had ordered that:

1. The application is dismissed with costs.
2. The service providers must, within 30 days, file audited statements and debatement of accounts reflecting their respective income and expenditure in the contracts.
3. The SIU and public works department are ordered to appoint, within 30 days thereafter, qualified expert(s) to compile a report as to the reasonableness of the service providers' expenses and file papers.
4. The service providers are ordered to pay the public works department, within 30 days, profit earned from the contracts as agreed by the experts and made the order of the Tribunal.

The SIU welcomes the order of the High Court, as it enforces the implementation of the Unit's investigation outcomes and consequence management.

END.

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