



March 4, 2022

**MEDIA STATEMENT
FOR IMMEDIATE RELEASE
4 MARCH 2022**

**HIGH COURT DISMISSES MPHAPHULI'S APPLICATION TO REVIEW AND SET ASIDE
SIU REPORT ON OPERATION MABONE PROJECT**

The High Court (Limpopo Division in Polokwane) has dismissed with costs an application by Mphaphuli Consulting (PTY) Limited, an engineering company owned by Lufuno Mphaphuli, to review and set aside the Special Investigating Unit (SIU) report on operation mabone project in Limpopo Province.

The SIU welcomes the High Court judgment as it settles the question of whether the SIU was empowered to investigate operation mabone project and paves way for the R73 million civil claim to be finalised.

The SIU investigation in the then Greater Tubatse Local Municipality, now Fetakgomo Tubatse, has revealed that Mphaphuli overcharged the Municipality by R73 million when it was appointed to electrify a number of households in 2013.

Initially, the contract value was approximately R168.8 million for electrification of more than 13 000 households at a cost of R16 000 per house. However, the contract was amended twice in 2014 increasing the number of households to over 19 000, which increased the value of the contract to approximately R326.4 million. In a separate electrification project, Mphaphuli consulting charged the Vhembe District Municipality in Limpopo over R10 000 to electrify each household, R5 000 less than what it charged the Greater Tubatse.

The State's preferred and trusted anti-corruption forensic investigation and litigation agency

The SIU has instituted a civil claim in the Polokwane High Court to recover financial losses suffered by the Municipality, as a result of the R73 million overcharge. The institution of the R73 million civil claim is a continuation of implementation of the SIU investigation outcomes and consequence management to recover financial losses suffered by State institutions and hold those responsible for losses to account for their actions in accordance with the SIU Act 74 of 1996.

Following the institution of the civil claim and conclusion of the investigation, Mphaphuli Consulting applied to review and set aside the SIU report and to seek an order compelling the SIU to stop all steps taken against the engineering company, which resulted from the SIU investigation. Central to the High Court application was that the SIU investigation was unlawful and that it was not included in the terms of reference of Proclamation R52 of 2014.


In dismissing the application, Justice Muller said the argument raised by Mphaphuli lacked substance as the scope of the Proclamation allowed for a wide variety of matters to be investigated by the SIU, which took place between 11 March 2004 and 1 August 2014, the date of the publication of the proclamation, or which took place prior to 11 March 2004 or even after the date of the proclamation.

The High Court judgment brings to finality to allegations of bias and impropriety by Mr Lufuno Mphaphuli levelled against the SIU in the investigation of operation mabone project.

Fraud and corruption allegations may be reported via the following platforms:
siu@hotline.co.za / Hotline: 0800 037 774

Enquiries: Mr Kaizer Kganyago
Head of Stakeholder Relations and Communications (SIU)
012 843 0048
082 306 8888
kkganyago@siu.org.za

-----END-----




The State's preferred and trusted anti-corruption forensic investigation and litigation agency

ABOUT THE SIU:

The SIU is an independent statutory body with a primary mandate to investigate allegations of corruption, malpractice and maladministration in the affairs of government departments, municipalities and State Owned Entities, and to recover financial losses suffered by State institutions. The SIU was established in terms of the Special Investigating Units and Special Tribunal Act, Act No 74 of 1996 (SIU Act).

The SIU has powers to subpoena witnesses, bank statements and cellphone records, search, seize evidence and interrogate witnesses under oath. The SIU can take civil action to correct any wrongdoing it uncovers in its investigations.

Where criminal conduct is uncovered during investigations, the SIU will bring the matter to the attention of its partners Hawks in the South African Police Service (SAPS), as well as the National Prosecuting Authority (NPA) for further action.



The State's preferred and trusted anti-corruption forensic investigation and litigation agency