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**MEDIA STATEMENT
FOR IMMEDIATE RELEASE
20 FEBRUARY 2024**

**GAUTENG HEALTH PPE CONTRACT DECLARED INVALID AND UNLAWFUL, SERVICE PROVIDER ORDERED TO
PAY BACK PROFIT EARNED FROM R113.2 MILLION CONTRACT.**

The Special Investigating Unit (SIU) welcomes the order of the Special Tribunal which declared a R113,250,000.00 personal protective equipment (PPE) contract awarded to LNG by the Gauteng Department of Health as invalid and unlawful.

In a default judgment handed down on 7 February 2024, the Tribunal ordered that LNG be divested of all profits enjoyed under the invalid contract.

LNG was ordered to submit audited statements within 30 days setting out its income and expenses in relation to the PPE items it delivered to the Gauteng health department pursuant to the impugned contract supported by expert reports. LNG was also ordered to pay the legal costs of the application and SIU.

The SIU was ordered to file expert report on the reasonableness of the income and expenses set out in LNG statements.

On 24 April 2020, the then Chief Financial Officer of Gauteng health department took a decision to procure 500,000 N95 masks at R55,50 each, 1,000,000 three-ply surgical masks at R18.00 each and 250,000 boxes of 100 sterile, powder-free surgical gloves at R270 per box.

An SIU investigation in the affairs of Gauteng health department has found that competitive bidding process was not followed and deviation from this process was not duly approved, and the contracted prices were high. Furthermore, the SIU found that LNG was not registered on the government's Central Supplier Database for the supply of PPE when it was awarded the multimillion-rand contract.

The SIU was, in terms of Proclamation R23 of 2020, directed by President Cyril Ramaphosa to investigate allegations of corruption, maladministration, malpractice and payments made by State institutions relating to PPE procurement together with the conduct of State employees.

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The SIU is empowered to institute civil action in the High Court or a Special Tribunal in its name to correct any wrongdoing uncovered during both investigations caused by acts of corruption, fraud, or maladministration. In line with the Special Investigating Units and Special Tribunals Act 74 of 1996, the SIU refers any evidence pointing to criminal conduct it uncovers to the National Prosecuting Authority (NPA) for further action.

END.

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