



MEDIA STATEMENT

FOR IMMEDIATE RELEASE

28 JUNE 2024

JOINT STATEMENT: HIGH COURT DISMISSES EZAGA'S BID TO STOP THE IMPLEMENTATION OF THE WERKSMAN'S REPORT ON THE APPOINTMENT OF NSFAS DIRECT PAYMENT SERVICE PROVIDERS

The Western Cape Division of the High Court of South Africa in Cape Town has dismissed, with costs, an application brought by Ezaga Holdings for an interim order to interdict the National Student Financial Aid Scheme (NSFAS) in seeking to take steps in implementing the recommendations of the Werksman's Report on the appointment of direct payment service providers to disburse allowances on behalf of NSFAS.

Ezaga Holdings is one of the service providers that has been disbursing allowances to NSFAS beneficiaries.

The 12 June 2024 court order ruled there was no urgency to the application brought by Ezaga, while the review application to review and set aside Ezaga's contract is being finalised. The order comes after the Special Investigating Unit (SIU) successfully applied to be joined in the matter as a respondent. The SIU and NSFAS successfully argued that the matter was not urgent and fell to be struck off the roll for lack of urgency.

The SIU and NSFAS welcome the decision of the High Court, as it clears the way for the implementation of investigation outcomes and consequence management to correct wrongdoings and further tighten the controls within the public procurement process.

Noracco Corporation, one of the other service providers that have been disbursing allowances to NSFAS beneficiaries, was cited as a respondent in the matter. However, the

company filed a counterapplication stating that they agreed with Ezaga Holdings' application; this was also dismissed with costs.

The SIU's investigation into the affairs of NSFAS found that the tender process followed to appoint student allowance dispensing service providers was allegedly irregular. The SIU investigation probed the appointment of Coinvest Africa, Tenet Technology (Pty) Ltd, Ezaga Holdings (Pty) Ltd and Norracco Corporation as service providers to disburse student allowances. The SIU and NSFAS have applied to the Special Tribunal to review and set aside these contracts and to have the Tribunal declare them invalid and unlawful.

The SIU and NSFAS also seek the service providers to be divested of all the profits they accrued due to the impugned tender awarded to them.

The SIU is in terms of Proclamation R88 of 2022 authorised to investigate allegations of corruption and maladministration in the affairs of NSFAS and to recover any financial losses suffered by the State through corruption and negligence.

The SIU is empowered to institute a 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 will refer any evidence pointing to criminal conduct it uncovers to the National Prosecuting Authority (NPA) for further action.

END.

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