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DISCIPLINARY ACTION

Fraud revealed in R800m oxygen plant tender

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PUBLIC Works Minister Dean Macpherson announced a series of disciplinary and criminal actions following the shocking findings of a forensic investigation into the controversial R800 million Pressure Swing Adsorption (PSA) Oxygen Plant tender.

During a media briefing yesterday, Macpherson revealed the final results of a forensic investigation into the controversial tender awarded by the Independent Development Trust (IDT).

The investigation was conducted by global consultancy firm PricewaterhouseCoopers (PwC), following months of scrutiny and allegations of procurement irregularities by the entity's officials.

The report exposes systemic governance failures, procedural breaches, and outright fraud that have plagued the IDT for years and threaten South Africa's public health infrastructure and integrity.

"From the moment I stepped into this role, I was already aware of long-standing allegations of maladministration, financial misconduct, and corruption at the IDT," Macpherson said during a briefing in Pretoria.

The latest scandal, which came to light in October 2024, revealed alarming details about the procurement process for the PSA Oxygen Plant project. With a budget of R836m, this crucial initiative was to supply oxygen systems to 60 hospitals nationwide. Of this, R528m was allocated directly to the IDT.

According to the report, one company, associated with a "ghost" entity, submitted questionable documentation and appeared to have no physical presence or regulatory approval, raising clear suspicions of fraud.

"This was a clear misrepresentation. It was fraud," Macpherson stated.

"This critical omission allowed ineligible bidders to participate and secure contracts worth over R428m – more than double Bulkeng's CIDB (Construction Industry Development Board) grading limit of R200m."

The report highlights a litany of procedural breaches, including missing meeting minutes or incomplete procurement committees that were improperly constituted; bid



THE Minister of Public Works and Infrastructure, Dean Macpherson said fraud has plagued the IDT for years and threatened South Africa's public health infrastructure and integrity. | OUPA MOKOENA Independent Newspapers

evaluation scores were inadequately documented; and price negotiations lacked transparency.

"For instance, the project's initial budget of R216m ballooned to over R590m – without documented approvals or value-for-money assessments."

Macpherson said the governance failure extended to the very top.

"The IDT's board lacked quota membership for months, internal audit functions were absent, and record-keeping was poor."

"Most critically, CEO Tebogo Malaka failed to exercise oversight, relying solely on internal SCM staff and ignoring red flags the Department of Health raised."

Macpherson said that despite urgent warnings from the Department of Health, he advised against cancelling the RFQ, falsely asserting that procurement was compliant when key regulatory requirements, like valid Saphra licences – had not been enforced.

Macpherson announced that disciplinary proceedings are already underway against Malaka, Sisi, and other implicated officials, with referrals to the Hawks for criminal investigations, aimed at ensuring accountability and justice. These include:

- ◆ Disciplinary measures against Ms Malaka for confirming the procurement process despite irregularities, and for appointing Department of Health officials as members rather than observers, as prescribed.

- ◆ Accountability for Sisi, who advised stakeholders to proceed despite warnings and regulatory breaches.

- ◆ Review of procurement processes, including proper documentation, committee composition, and adherence to regulations.

Macpherson also reaffirmed the appointment of a new full-term IDT board, led by chairperson Zimbini Hill and deputy chairperson Professor Raymond Nkado, tasked with turning the agency around.