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**Title:** R428M OXYGEN TENDER FIRM USED FRAUDULENT LICENCE

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● PwC recommends action against IDT CEO, officials

By **HERMAN MOLOI**

The company awarded a R428m tender to supply oxygen systems to 60 hospitals did not have the required licence, and instead fraudulently used one belonging to another company.

This is contained in the PwC report on their investigations into the R800m tender awarded by the Independent Development Trust (IDT), an agency of the department of public works and infrastructure.

Releasing the report yesterday, public works and infrastructure minister Dean Macpherson said Bulkeng (Pty) Ltd was awarded R428m of the R800m tender, though it didn't have the licence needed.

He said Bulkeng had also increased their bid over their allowable grading threshold of R200m.

The company, Macpherson said, had submitted a SA Health Products Regulatory Authority (Sahpra) licence belonging to Atlas Copco Industrial SA without its knowledge or consent. "This was a clear misrepresentation. It was fraud."

He instituted investigations last year after claims the IDT awarded tenders to companies without Sahpra medical product registration; had submitted questionable documents; and one appeared to be a "ghost" entity without verifiable contact details, premises, or capacity.

Macpherson said Bulkeng also intended to subcontract more than 25% of its responsibilities to Brutes Air Solutions, but failed to disclose this, in violation of the preferential procurement regulations.

It also manipulated figures during the tender bidding process, he said.

# R428M OXYGEN TENDER FIRM USED FRAUDULENT LICENCE



**Public works and infrastructure minister Dean Macpherson.** /GCIS

Macpherson said the health department was subsequently asked to approve the increased funding for the rollout and implementation of PSA oxygen plants to R592m. The project increased from R216m to R592m when the market was tested, which was a 174% increase of the initial estimated budget. The amount offered to Bulkeng exceeded their Construction Industry Development Board grading threshold of R200m, he said.

The investigations singled out Molebedi Sisi, the general manager for supply chain management at the IDT, for his role in allegedly misleading internal stakeholders and failing to act in accordance with his responsibilities. "Sisi advised against

cancelling the request for quotation process despite clear warnings from the department of health," he said.

"He assured CEO, Tebogo Malaka, and evaluation committees the procurement process was compliant, when in fact key regulatory requirements – such as valid Sahpra licences – hadn't been enforced."

Macpherson said the findings marked a monumental failure in governance and adherence to IDT policies and National Treasury regulations, undermining the integrity of public procurement, and threatening donor funds. He said the investigations revealed that the tenders were not only given to undeserving companies but that prices were manipulated.

"Second, the investigators found that the bid evaluation process was deeply flawed. The Sahpra compliance requirement – originally stipulated in the project execution plan, and the department of health's memorandum of agreement – was deliberately removed from the final request for proposals."

Macpherson said investigators found that minutes were missing, bid scores were not properly recorded, and prices were not transparent. Disciplinary action against Malaka and Sisi was recommended. "The investigation further recommends disciplinary referrals against several other IDT executives and supply chain management officials. Accountability must follow and will follow."