



**THE OFFICIAL OPPOSITION
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Date:	03 July 2018
To:	Adv. Busisiwe Mkhwebane The Public Protector
Cc:	Adv. Erika Cilliers Senior Investigator Office of the Public Protector – Free State
From:	Mariette Pittaway (MPL)
Subject:	Request investigation into FS Health ambulance contracts

Dear Adv. Mkhwebane,

We herewith request your office to investigate three (3) Free State Provincial Department of Health contracts for the rendering of mobile clinic services (Mediosa), patient transport and ambulance services (Buthelezi EMS) and emergency medical air transport services (Halo Aviation (Pty) Ltd & Buthelezi HEMS JV).

In each of the mention contracts we request your investigation to include:

1. Whether there was any political interference in the tender/bid adjudication process that may have resulted in the awarding of these contracts to the named suppliers, whether the awarding of these contracts were done so bona fide in accordance with the PFMA, SCM regulations and the Constitution;
2. Whether the contracts offer value for money – that the pricing schedule submitted to the bid adjudication board were reasonable in comparison with other bids submitted, that the pricing for services rendered are in line with market pricing and not inflated;
3. Whether the Service Level Agreements (SLA) entered into formed part of the tender bid process or were these negotiated after the awarding of the contracts;
4. Whether the services invoiced for were delivered;
5. Whether all staff under these contracts hold the minimum qualifications to render medical assistance and emergency services and whether each mobile unit is adequately staffed on each shift as required by legislation;
6. Whether all the vehicles/aircraft used under these contracts for mobile ambulances, mobile clinics and mobile patient transport services meet the minimum requirements for such as per the relevant legislation – specifically with regards to medical and medical emergency equipment, staffing, roadworthiness/airworthiness, driver's/pilot's licences and vehicle/aircraft registration;
7. Whether the companies had the existing infrastructure and resources (vehicles, staff, equipment etc.) available to deliver the services required under these contracts at the start date of the contracts;
8. From company registration details, it appears that the companies either laid dormant, or were established just prior to the awarding of these contracts, with Mediosa and Halo Aviation once sharing a director, creating the suspicion, these contracts were awarded to either resurrect business activity and/or the companies were formed for the purpose of

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being awarded these lucrative contracts. Which questions the ethics and fairness of the entire process in contracting these services. See Annexures O, P and Q.

More details per contract as indicated below:

Mediosa Contract

- See Annexure A – Reply to written question 15 of 2018 by the MEC for Health
- A R10 million advance payment was made under the SLA. Whether this is in line with relevant legislation.
- It appears to be an open-ended contract where the department will be invoiced per patient – we would like to know how this is monitored and whether the information of patients are transferred to the department.

Buthelezi Contract

- The department entered into a contract with Buthelezi EMS in 2014 for the supply of emergency medical services in the Free State for a period of three years;
- Buthelezi EMS contract expired in August last year, but has been renewed on a month to month basis while a new contract is out on tender. This in itself is problematic since the department knew exactly when the contract would expire and could have advertised the new invitation to tender long before the termination date;
- There have been numerous problems with the services of Buthelezi EMS, ranging from unqualified personnel, negligence, tardiness and general rudeness towards patients and medical professionals;
- See Annexures B, C and D – replies to written questions 23, 13 and 14 of 2018 by the MEC for Health as well as Annexure E, replies to written to questions 1 to 8 of 2014 by the then MEC for Health;
- See Annexure F which includes the contract and several internal memos instructing medical facilities to make use of Buthelezi EMS;
- Annexure G details the price increases for services to be rendered by Buthelezi EMS and its approval. Note that Annexure H, a memo from the then Free State Premier, Mr Ace Magashule, appointed the HOD, Dr Motau, as the department's accounting officer for the period 06-10 February 2017, despite the Provincial Department being under Provincial Treasury administration. The date of approval in the price increases coincides with the appointment of Dr Motau as the accounting officer. We are of the opinion this action by the then Premier was deliberate for the purpose of approval of the price increases;
- Annexure I shows that on 22 February 2018, the Phekolong Hospital announced its decision to suspend the services of Buthelezi EMS with immediate effect – this decision was subsequently overturned by the Department;
- It appears to be an open-ended contract where the department will be invoiced per patient – we would like to know how this is monitored and whether the information of patients are transferred to the department.

Halo Aviation (Pty) Ltd & Buthelezi HEMS JV Contract

- Annexure J shows approval of the contract in 2015;
- Annexure K details the price increases for services to be rendered by Halo Aviation (Pty) Ltd & Buthelezi HEMS JV and its approval. Note that Annexure H, a memo from the then Free State Premier, Mr Ace Magashule, appointed the HOD, Dr Motau, as the department's accounting officer for the period 06-10 February 2017, despite the

Provincial Department being under Provincial Treasury administration. The date of approval in the price increases coincides with the appointment of Dr Motau as the accounting officer. We are of the opinion this action by the then Premier was deliberate for the purpose of approval of the price increases;

- Annexure L – reply to written question 40 of 2018 by the MEC for Health;
- It is alleged that the service is managed by departmental officials who approves emergency and/or patient air transportation, we would like to know whether approvals take into consideration the recommendations of emergency medical services personnel and/or a medical officer;
- That the pricing of this service is severely inflated;
- Whether the requirements for the construction of an aircraft hanger, the refurbishment of and/or construction of helipads under this contract are above board, considering that infrastructure development is a function which normally falls under the Department of Public Works and Infrastructure, and with the Department of Police, Roads and Transport, for roads and roads related infrastructure – were there not any existing infrastructure that could have been utilises at any of the airport facilities in the Free State;
- Whether the aircraft hanger and helipads will become the property of the Department contained within its assets register or remain the property of the contractor?

In conclusion, Annexure M indicated how the Department has overspent on its budget during the time these contracts were entered into. Annexure N indicates a commitment by the Department to make all contracts available to members of the Portfolio Committee of Social Services which has to date not been forthcoming.

We are of the opinion that all three contracts are inflated, that there were political motivation to enter into these contracts, that there is no adequate monitoring of services rendered, no value for money, and that the hundreds of millions paid to these services providers could have been better utilised to capacitate and expand such services within the Department of Health.

We hope that you will consider this request with the seriousness it deserves. As and when more information becomes available, we will be sure to pass it on to your team. You will note that documents submitted as annexures may not be complete, this is expected since they were obtained from whistle-blowers over several years – we trust that these will assist you in your investigations.

Should you require any further information, please feel free to contact me at any time.

Thank you,



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