

Buhle Waste Response to Spotlight Media Questions

26 November 2019

1. In court papers that we have seen Compass appears to show that the Buhle consortium is charging the KZN DoH much higher prices than Compass were charging. In their replying affidavit, the Department of Health did not dispute this. Do you deny that Buhel is costing the KZN DoH substantially more than Compass did? (Please answer in detail. We are doing our best to get an accurate understanding of the pricing.)

At the outset, there is no consortium; Buhle Waste is contracted to render services to the KZN DoH. Unfortunately, Buhle Waste does not have access to records that can clearly demonstrate which prices are higher between the current contract and the previous one serviced by Compass. We do however note the following:

Firstly, Compass was servicing the DoH under a contract that ran on a month-to-month basis for more than 16 years and was found to be illegal and invalid by the High Court in Pietermaritzburg in April 2019. The details of this contract, including the pricing structure, have been hidden from Buhle Waste and the public at large for almost two decades now. Based on previous court submissions, however, we are aware that Compass is engaged in litigation with the DoH claiming backpay for that same illegal contract to the astounding sum of R207 070 580.94. Furthermore, Compass failed to disclose to the High Court (under case number 7462/2014) that it is lodging a claim for this amount from the Department for a retrospective annual escalation in respect of the 1998 contract. We can only surmise therefore that Compass believes itself to have been grossly underpaid by the DoH. In which case, is the price comparison between the amount for which Compass is suing the DoH or the illegal billing of 15 years?

Secondly, based on engagement with DoH institutions, Buhle Waste has become aware that the scope of goods and services provided under the current contract likely exceeds the previous contract scope. It is not common practise however for customers to divulge the details of previous contracts with new service providers, so the details remain unknown, especially pricing issues. Only the DoH can confirm such details. If indeed the current prices are higher, this might be because the scope of work is greater than in the past. Considering the fact that Compass was executing a contract appointed in 1998, one can reasonably expect that 21 years of advances in the industry will necessitate an expanded and more sophisticated scope of work.

Finally, in the course of rolling out services to DoH institutions, Buhle Waste discovered that Compass had several undeclared revenue streams that it was extracting from the DoH. At meetings that we attended with Durban Solid Waste (DSW) officials as well as KZN DOH officials as part of the overall handover process, we were informed that Compass has been billing government hospitals for services provided by another government entity. Compass has been subcontracting Durban Solid Waste (DSW) to collect general waste at provincial health facilities in EThekweni despite not owning or operating any equipment for general waste. The primary question to be asked is: Has Compass declared the revenues that it received when it acted as a broker between government departments? Subsequent to this revelation, the KZN DOH instructed that such brokerage arrangements be ceased as they were without basis in a legal contract.

This creates further difficulty in comparing pricing structures as Buhle Waste is not privy to the full extent and details of these parallel billing schemes.

2. If you accept that Buhle is costing the KZN DoH more than Compass did, how do you explain and justify this increase cost?

We do not accept this allegation as per the reasons stated above. Buhle Waste is not privy to the scope and pricing structure of the previous contract held by Compass in order for such a comparison to be factually based. Suffice to say, the current contract is a valid and legal contract that replaced an illegal and invalid contract following a High Court ruling.

3. Have Buhle, or you Dr Sekete, or any company that you were a director or manager of, ever been found guilty of illegal dumping of medical waste or any other crimes relating to medical waste disposal?

Buhle Waste has never been found guilty of any offence. Dr Sekete has never been found guilty of any offence. Aidsafe Waste, where Dr Sekete was a non-executive chairperson at the time, was found guilty of illegal dumping of medical waste.

Here are the facts. Dr Sekete is the individual who reported the irregularities to the Department of Environment, Agriculture and Tourism (DEAT) at the time and proceeded to have all the full-time executive directors charged for illegal dumping. In short, Dr Sekete was the whistle blower for non-compliance at Aidsafe Waste. He effected the removal of all the executive directors and the shareholders for delinquent behaviour. Dr Sekete proceeded to institute a forced sale of all their shares and thereafter became the sole executive director of Aidsafe Waste. He thereafter steered the company to ensure that it complies with the rules and regulations as stipulated by the DEAT.

At the time, Buhle Waste was transporting its waste to Aidsafe Waste for treatment and disposal and was therefore responsible for cradle-to-grave in the management of the waste thereof. Dr Sekete was also acting in the interests of Buhle Waste to safeguard its cradle-to-grave responsibility.

He was then given the duty by DEAT to undertake a proof of performance mandate to make sure that Aidsafe rectifies all the non-compliances that were identified as a condition of license renewal and continued operation. He managed to correct all the non-compliances that existed, and the license was consequently reinstated.

With respects to its financial standing, Dr Sekete made sure that all the expenses incurred by Aidsafe Waste were reimbursed by the departing executives and shareholders. Biomed Disposal Services then purchased all the assets owned by Aidsafe Waste and today it complies with all laws and regulations as evidenced by its being granted additional licenses by the DEA. Dr Sekete is currently the sole director of Biomed Disposal Services.

If yes, please provide details.

4. Who's idea was it to provide the KZN medical waste service as a consortium?

There is no consortium rendering services to the KZN DOH. Makhathini Medical Waste (MMW) is leasing its transfer station and vehicles to Buhle Waste. These resources are also used as backup for contingency planning purposes. Ecocycle has a treatment

facility in Pietermaritzburg with a 900 tonne per month capacity where Buhle Waste is dispatching its infectious waste. There are a number of KZN-based BEE companies supplying Buhle Waste with a range of materials required for rendering the service.

5. Were you ever lead to understand that Buhle would not get the new KZN contract if you did not partner with Makhathini Medical Waste and the other consortium partners?

No. There were no special conditions to Buhle Waste being contracted by KZN DOH. To be clear, Buhle Waste did not approach the KZN DOH nor was it directly approached by the KZN DOH. Mpumalanga DOH enquired as to whether Buhle Waste, the company providing HCRW services in that province, would be willing to render services to KZN DOH following a request from KZN DOH to Mpumalanga DOH. Buhle Waste then acceded to the request and KZN DOH was allowed to participate in the Mpumalanga DOH contract for HCRW services.

6. Can you please explain which types of waste is Buhle processing in KZN and which types of waste you are transporting to Gauteng for processing? Please also comment on the increased risk involved in transporting waste out of the province as compared to processing it within the province.

Infectious waste is processed at Ecocycle Solutions based in Pietermaritzburg which utilises a non-burn technology for treating health care risk waste and is licensed to receive 900 tonnes per month. As per Department of Environment regulations, anatomical waste is taken to various incineration plants, including Biomed Disposal Services where both an incinerator and a non-burn treatment plant are in operation. In contrast, Compass does not own nor has it ever owned an incinerator that allows it to treat anatomical waste. As such, since there are no incinerators in KwaZulu-Natal, this waste stream has always been transported outside of the province. The level of risk is no greater than it has been in the past in terms of transportation outside of the province. Chemical waste is treatment at Athermal Retort Technologies based in Gauteng, which is the only licensed plant for the treatment of these types of waste in the country.

7. You and Mr Bonginkosi Makhathini are listed as co-directors of a company called Buhle Waste Makhathini (Pty Ltd) that was registered earlier this year. Is this the company that currently has a medical waste contract with the KZN DoH? If it is not this company, could you please provide the name of the company that is contracted?

Buhle Waste (Pty) Ltd is the company contracted to the Department of Health KZN.

8. Finally, we note that on CIPC records you are listed as a director of a large number of companies with names similar to Buhle Medical Waste as well as other medical waste companies who do not include the name Buhle. Can you explain why you are a director of so many companies with similar names and why you are a director of multiple medical waste companies?

Buhle Waste is involved in a number of joint ventures, has various subsidiaries and affiliated companies for different projects.