

DELIVERY OF PRIMARY HEALTH
CARE SERVICES

AGREEMENT

between

KIMBERLEY CITY COUNCIL

and

THE DEPARTMENT OF HEALTH SERVICES AND WELFARE
(ADMINISTRATION: HOUSE OF REPRESENTATIVES)

WHEREAS the DEPARTMENT requested the COUNCIL and the COUNCIL agrees to deliver a comprehensive primary health care service;

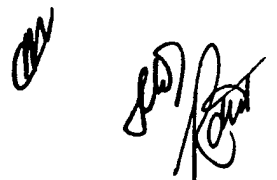
AND WHEREAS the DEPARTMENT received the necessary ministerial approval with regard to the delivery of the primary health care service on an agency basis,

THEREFORE THE PARTIES AGREE AS FOLLOWS:

1. DUTIES OF COUNCIL

In addition to preventative and primary health care services which the COUNCIL is obliged to render in accordance with the Health Act, 1977, the COUNCIL undertakes, on behalf of the DEPARTMENT, to render the following additional primary health care services (the "services"), in accordance with acceptable medical norms:

- 1.1 Promotion of correct nutrition:
- 1.2 Appropriate treatment of general illnesses and injuries:
- 1.3 Dispensing of essential medicine and medicinal supplies:
- 1.4 Any other appropriate services which the DEPARTMENT and the COUNCIL have agreed to beforehand in writing.



4.4 Should this agreement be terminated by the DEPARTMENT for whatever reason, which cannot be ascribed to the negligence of the COUNCIL, as stipulated in clause 4.1, the DEPARTMENT undertakes to recompense COUNCIL for the full expenditure related to retrenchment of staff (including severance compensation) and staff that may have become redundant as a result of the termination of this agreement.

4.5 In the case of any arbitration which may arise in pursuance of clause 5, any course of action referred to above is suspended.

5. ARBITRATION

5.1 Should any dispute arise between the parties and which cannot be mutually resolved, any one of the parties may present it to an arbitrator, whose decision is binding on both parties.

5.2 The arbitrator is nominated from a panel of four (two nominated by the DEPARTMENT and two nominated by the COUNCIL). Should the parties not agree to the choice of an arbitrator, this choice will be made by the Chairperson of the Committee for Health matters, constituted in accordance with the National Policy for Health Act of 1990, whose decision will be final. Arbitration will take place at a place and time determined by the arbitrator.

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6. DURATION OF AGREEMENT

6.1 Notwithstanding the date of signing, this agreement comes into effect on 1 April 1992.

6.2 Any of the parties may terminate this agreement on one year's written notice to the other party's domicilium citandi et executandi.

7. DOMICILIUM CITANDI ET EXECUTANDI

The respective parties choose the following addresses as their domicilium citandi et executandi:

7.1 The COUNCIL

The Town Clerk
Kimberley City Council
Jan Smuts Boulevard
KIMBERLEY
8301

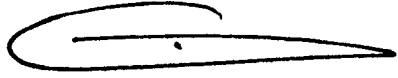
7.2 The DEPARTMENT

The Chief Director
Department of Health Services and Welfare
Minelli House
50 Buitekant Street
CAPE TOWN
8000

THUS SIGNED ON BEHALF OF THE CITY COUNCIL OF
Kimberley..... ON THIS 7th..... DAY OF
April..... 1992, AT Kimberley

WITNESSED BY

1. .....
2. .....


.....
TOWN CLERK

THUS SIGNED ON BEHALF OF THE DEPARTMENT ON THIS
..... DAY OF 1992, AT
.....

WITNESSED BY

1.
2.

.....
CHIEF DIRECTOR



ADMINISTRATION: HOUSE OF REPRESENTATIVES


DEPARTMENT OF HEALTH SERVICES AND WELFARE

1. COMPENSATION WITH REGARDS TO CAPITAL EXPENDITURE
 - 1.1 Capital Costs for building projects can be financed by securing a loan out of funds from the Housing Commission of the Administration: House of Representatives, placed, at the disposal of the Department of Local Government, Housing and Agriculture by the Department of Health Services and Welfare, which loan is made available at a nominal interest rate.
 - 1.2 Interest and capital redemption costs of the loan, as well as operating costs which form part of the running expenses that the COUNCIL has to provide for its annual budget, is provided for and guaranteed by the DEPARTMENT of the budget estimate submitted by COUNCIL.
 - 1.3 The acquisition of a loan from any private financial institution is subject to the prior written approval of the DEPARTMENT.



2. COMPENSATION WITH REGARDS TO RUNNING EXPENSES

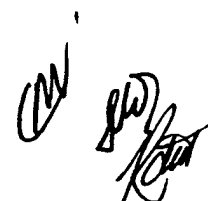
- 2.1 A budget of estimated expenditure of the COUNCIL for approval by the Regional Director, has to be submitted annually on or before 31 December of each year on an official application form with respect to the financial year (1 April - 31 March of the ensuing year) which comes into effect on the second year after the year in which the application was made. The DEPARTMENT will waiver the stipulations with regard to the application for refunding for the first two years and will at the COUNCIL'S request, make advance payment to the COUNCIL within 30 days of the COUNCIL'S quarterly request.
- 2.2 This budget application must include the following:
- 2.2.1 Estimates of income and expenditure of the COUNCIL with regards to the Provision of agreed primary health care services in the financial year for which the application is made as well as for the following two financial years, based on costs at the time of application;
- 2.2.2 an explanation of proposed expansion of primary health care services as agreed upon for the financial year in which application is made as well as for the following two financial years, together with an estimation of costs based on costs at the time of application;

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- 2.2.3 an estimation of capital expenditure with regard to services for the three financial years mentioned in paragraph 2.2.2, based on the costs at the time of application.
- 2.3 When the application for refunding is considered, the DEPARTMENT, in consultation with the COUNCIL, will also take into consideration relevant price and salary changes that may have arisen since the date of submission of the particular application.
- 2.4 After the application has been considered in this matter, the DEPARTMENT will inform the COUNCIL in writing before the end of May of the financial year for which application was made, of the amount of funds approved for that financial year.
- 2.5 The funds which are approved in accordance with paragraphs 2.3 and 2.4 is paid out quarterly in advance on 1 April, 1 July, 1 October and 1 January.
- 2.6 The COUNCIL will provide the DEPARTMENT with annual audited financial statements of Income and Expenditure in respect of services rendered according to agreement, within six (6) months after the end of a financial year in order to reconcile the advance payments with the actual income and expenditure.



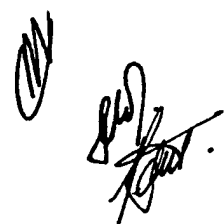
- 2.7 In the event of a difference between the amount of a claim submitted by COUNCIL and the budget amount approved by the DEPARTMENT, or in the case where an item in the audited financial statements is unclear, the Regional Director may request additional information from the COUNCIL for consideration. If the approved funds are exceeded without the prior approval of the DEPARTMENT, such excess may have to be borne by the COUNCIL.
- 2.8 The DEPARTMENT is liable for all the interest and capital redemption in respect of a loan (if any) from the Housing Commission Funds, and also maintenance costs which is regarded as current running expenditure.
- 2.9 The DEPARTMENT is not liable for abnormal increases in operating expenditure which results in extraordinary claims due to unforeseen circumstances which bear no relation to the services of the COUNCIL and which is beyond the control of the COUNCIL.
3. REVENUE
- 3.1 In determining the collection of patient fees, the COUNCIL undertakes to follow the assessment procedures and approved tariff scales of the Provincial Administration.



3.2 The COUNCIL must deposit for credit of the State Revenue Account: Administration: House of Representatives, on a monthly basis, all the patient fees collected within 30 (thirty) days of a given calendar month.

4. DISPOSAL OF PROPERTY

Upon the termination of this contract no furniture or equipment may be disposed of, become estranged or used in any other manner other than for which it has been financed, until the parties mutually agree to its disposal.

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