



REPORT OF THE CHAIRMAN OF THE KGALAGADI RELIEF TRUST FOR THE FINANCIAL YEAR ENDED FEBRUARY 2010

1. NEW MODEL INTRODUCED

The trustees of the Kgalagadi Relief Trust were obliged to agree on 21 April 2010 that a new model would be used for the award of compensation to qualifying claimants, back-dated to 1 March 2010.

The background to this decision was as follows:

- On 11 December 2009, the trustees responded to a request from the founders that they should estimate the grant liability over the next three to six years. The trustees advised that the liability from 2006 to 2015 was estimated to be R115 million.
- The founder's attorneys advised the trustees on 22 January 2010 that although the founders had substantially increased the sum of money originally set aside for grant funds, the likely grant liability for the intended life of the trust (i.e. to 2026) would far exceed the amount provided on the basis of the current grant administration model.
- The founder's attorneys recommended to the trustees that:
 - Social responsibility funds should in future be used for making grants rather than supporting community projects;
 - No inflation linked increases should be made to the grant schedule;
 - A cap should be introduced for the payment of grants to mesothelioma patients; and
 - A higher minimum impairment should be set for the acceptance of ARD1 claimants.

Having conducted extensive assessment of the likely number of qualifying claimants over the intended life of the trust, the trustees duly agreed to implement these recommendations.

The trustees took into account the funding constraints outlined by the founders, the requirements of the Trust Deed, and the considerations of equity, fairness and administrative justice.

The new model introduced on 1 March 2010 operates as follows:

- The diagnostic criteria for ARD2, ARD3 and ARD4 remain unchanged.
- Revised diagnostic criteria will be introduced for ARD1 with a slightly more conservative assessment of the spirometry results.

- The following grant schedule has been introduced¹:

ARD Category	Grant Payable
ARD 1	R28 000
ARD2	R70 000
ARD3	R210 000
ARD4 (occupational and environmental)	R280 000

- Qualifying claimants who have experienced “KRT only” exposure receive a set amount for each disease category, regardless of the skills level, type of exposure (e.g. above/below ground; occupational/environmental) or age.
- ARD1 and ARD4 environmental claimants receive the same benefit as occupational claimants.
- If the claimant was exposed to other sources of asbestos, the set amount is adjusted to reflect the proportion of KRT exposure relative to other exposures (applicable to ARD1 & ARD2 only).
- The notional or actual ODMWA payment made to the qualifying payment is no longer deducted from the KRT grant.
- Dependants receive 50% of the set amount that would have been payable to the deceased claimant for dependant claims.

The balance of the report is based on the previous model, using the diagnostic criteria and grant schedule that applied until the February 2010 financial year end.

2. CLAIMS LODGED

As of 28 February 2010 the total number of claims lodged with the KRT had increased to 2853 (compared to 2426 as at the end of the previous financial year).

¹ **NOTE:** The revised grant schedule is broadly based on the average awards (after ODMWA deductions) paid by the KRT to date:

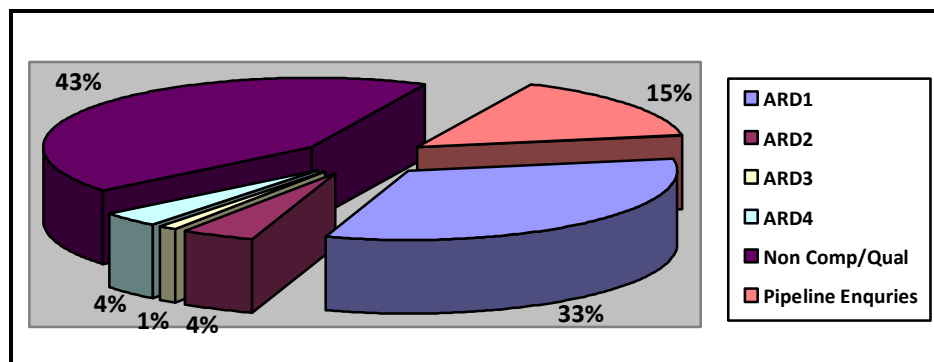
ARD Category	Av. Grant Paid
ARD 1	R32 890
ARD2	R66 542
ARD3	R164 887
ARD4 (occupational and environmental)	R309 603

The average payment to date were further adjusted to take into account additional pain and suffering for more severe cases in the ratio of 1: 2,5: 7,5: 10 for ARD1, ARD2, ARD3 and ARD4 respectively.

Table 1: Breakdown of total claims received as at 28 February 2010

Category	Dual Exposure	KRT Only Exposure	Total
Total claims	1602	1251	2853
Non Qualifying (does not meet the exposure criteria)	16	6	22
Not Compensable Claims (meets criteria but no ARD)	634	569	1203
Potential Qualifying & Compensable Claims	952	676	1628
Pipeline Enquiries	149	283	432
Enquiries Pending Medical Consultation	106	171	277
Medical Records Received by Medical Office	15	44	59
SOMP Still Investigating	28	68	96
Compensable Claims	803	393	1196
ARD1	614	320	934
ARD2	107	21	128
ARD3	16	12	28
ARD4	66	40	106

Graph 1: Breakdown of total enquiries received to date



3. CLAIMS REQUIRING FINALISATION

As at 28 February 2010 there were 432 claims that required finalization (referred to as “Pipeline Enquiries” in Table 1 above) and 146 compensable claims that were being processed but not yet approved for payment.²

² Calculated by deducting claims paid and approved for payment (see below), from total compensable claims (see Table 1 above).

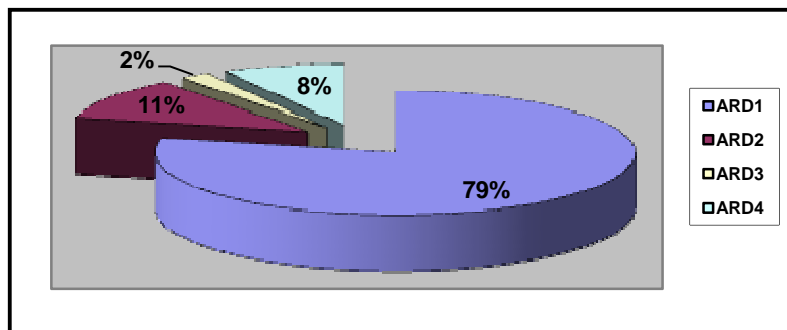
4. PAYMENTS

As of 28 February 2010 the KRT had paid a total of R60,8 million to 965 claimants, i.e. since it started paying claims in July 2006. The breakdown of payments per disease category is as follows:

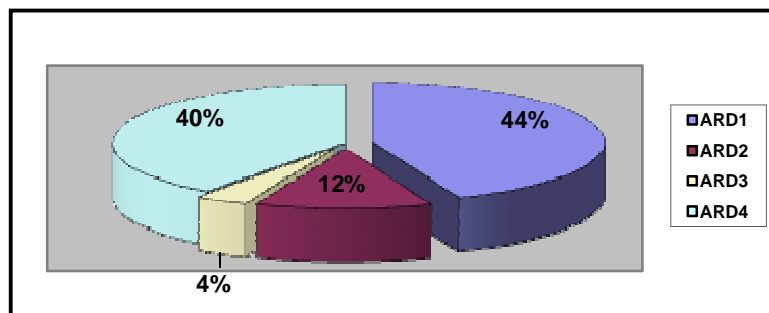
Table 2: Total claims paid since inception, as at 28 February 2010

Category	Claims Paid					
	Dual Exposure		KRT Only Exposure		Total	
ARD1	512	R12 037 823.00	247	R13 749 479.00	759	R25 787 302.00
ARD2	90	R5 314 375.00	17	R1 917 382.00	107	R7 231 757.00
ARD3	11	R491 953.00	9	R1 674 534.00	20	R2 166 487.00
ARD4	44	R9 378 635.00	35	R14 049 937.00	79	R23 428 572.00
TOTALS	657	R28 576 862.50	308	R32 242 815.00	965	R 60 819 677.50

Graph 2: Total number of claims paid, since inception, as of 28 February 2010



Graph 3: Total amount paid, since inception, as of 28 February 2010



It is worth noting that the abovementioned figures include 10 claims for individuals who were previously compensated for asbestosis and who were subsequently compensated for an asbestos related cancer as provided for in the Deed of Trust. These figures have been included in Table 2 above.

Table 3: Breakdown of claims already compensated for asbestosis that later developed a compensable asbestos related cancer

Compensation Category	Claims Paid					
	Dual Exposure		KRT Only Exposure		Total	
ARD1 to ARD3	5	R404 090.00		-	5	R404 090.00
ARD1 to ARD4	2	R493 290.00	2	R 846 483.00	4	R1 339 773.00
ARD2 to ARD4	1	R188 146.50		-	1	R188 146.50
TOTALS	8	R1 085 526.50	2	R846 483.00	10	R1 932 009.50

Table 4: Comparison of Claims Paid between the 2006/7, 2007/8, 2008/9 and 2009/10 Financial Years

ARD	Number Paid				Amount Paid			
	06/7	07/8	08/9	09/10	06/7	07/8	08/9	09/10
ARD1	137	212	224	186	R3 587 063	R7 161 091	R7 754 486	R7 284 662 ³
ARD2	28	40	24	15	R1 777 365	R2 871 698	R1 557 243	R1 025 451
ARD3	1	2	5	12	R122 490	R160 946	R981 039	R1 364 002
ARD4	3	10	31	35	R777 943	R3 321 107	R9 671 583	R11 401 509
Total	169	264	284	248	R6 264 861	R13 514 842	R19 964 351	R21 075 624
Grand Total	965				R60 819 678			

5. CLAIMS APPROVED FOR PAYMENT BUT NOT YET PAID OUT

As of 28 February 2010, 85 claims totaling R4,37 million had been approved for payment but had not yet been paid to claimants due to lack of banking details and/or non-completion of the Release and Discharge forms. The claims will be paid out when these documents are received.

³ ARD1's decreased, but the average amount paid increased due to less Dual claims paid and more KRT only claims paid

Table 5: Total claims approved for payment but not yet paid

Compensation Category	Claims Pending					
	Dual Exposure		KRT Only Exposure		Total	
ARD1	39	R 776 172.00	23	R1 200 076.00	62	R1 976 248.00
ARD2	10	R526 047.00	1	R72 851.00	11	R598 898.00
ARD3	3	R363 039.50	2	R438 444.00	5	R801 483.50
ARD4	1	R320 951.00	2	R216 100.00	3	R537 051.00
ARD1 to ARD3	3	R299 739.50		-	3	R299 739.50
ARD1 to ARD4	1	R156 597.00		-	1	R156 597.00
TOTALS	57	R2 442 546.00	31	R 1 927 471.00	85	R4 370 017.00

The grant will be paid immediately upon receipt of the outstanding payment documents from the claimants. The average time between claims approval and receipt of documents from claimants to allow payment is 6 weeks.

Table 6: Total claims paid and approved for payment, since inception, as at 28 February 2010

Compensation Category	Total Claims Paid and Approved for Payment					
	Dual Exposure		KRT Only Exposure		Total	
ARD1	551	R12 813 995.00	270	R14 949 555.00	821	R 27 763 550.00
ARD2	100	R5 840 422.00	18	R1 990 233.00	118	R7 830 655.00
ARD3	9	R907 892.50	11	R2 117 978.00	20	R3 025 870.50
ARD4	42	R9 915 236.00	35	R14 266 037.00	77	R24 181 273.00
ARD1 to ARD3	8	R703 829.50	0	-	8	R703 829.50
ARD1 to ARD4	3	R649 887.00	2	R 846 483.00	5	R1 496 370.00
ARD2 to ARD4	1	R188 146.50	-	-	1	R188 146.50
TOTALS	714	R31 019 408.50	336	R34 170 286.00	1050	R65 189 694.50

6. ENVIRONMENTAL

As of 28 February 2010, 60 environmental claim enquiries had been received. Of these, 19 were still being investigated. Of the 41 enquiries processed, 32 met the environmental exposure criteria and qualified for compensation. Of these 32 claims, 13 are attributed to KRT-only exposure and 19 are due to dual exposure, i.e. KRT and ART.

Table 7: Environmental claim enquiries as at 28 February 2010

Category	Dual	KRT	Total
Total Enquiries	33	27	60
Non-Qualifying	2	1	3
Not Compensable	5	1	6
Potential & Compensable Claims	26	25	51
Pipeline Enquiries	7	12	19
Medical Records Received by Medical Office	5	9	14
SOMP Still Investigating	2	3	5
Compensable Claims	19	13	32
ARD1	11	2	13
ARD4	8	11	19

Table 8: Payments made and approved to qualifying environmental claimants as at 28 February 2010

Category	No.	Amount
Paid	29	R8 220 689.00
Pending	-	-
Total	29	R8 220 689.00

These payments have been included in the total payment figures in tables 2, 4, 5 + 6 above (and see below).

Table 10: Breakdown of total occupational and environmental claims paid as at 28 February 2010

Claim Category	Claims Paid					
	Dual Exposure		KRT Only Exposure		Total	
Occupational	640	R25 799 073.50	296	R26 799 915.00	936	R52 598 988.50
Environmental	17	R2 777 789.00	12	R5 442 900.00	29	R8 220 689.00
TOTAL	657	R28 576 862.50	308	R31 242 815.00	965	R60 819 677.50

7. FUTURE CLAIMS HANDLING & MEDICAL SCREENING

Occupational Claims

An average of 25 new enquiries per month was lodged during the last six months (September 2009 to February 2010) of the financial year under review.

The new claimant recruitment areas we investigated during the financial year under review were:

1. Free State
2. Eastern Cape
3. Lesotho (see below)
4. Botswana

A survey was conducted in the Eastern Cape by Trust staff to investigate the existence of potential claimants. The results indicated that, unlike previously anticipated and reported, the Eastern Cape will likely not be a major recruitment area for the asbestos trusts. This has been borne out by the fact that very few potential claimants have registered with the Trust from the province.

A survey was conducted in December 2009 by representatives from the Department of Labour and District Health Team of Botswana's Kgalagadi District. This survey took place in the southern part of the district with the primary objective of determining whether potential claimants for both the ART and the KRT resided in the area. (The southern Kgalagadi District of Botswana borders the Northern Cape province of South Africa and the trustees believed that there could be potential claimants residing in the area due to labour recruitment practices and the proximity of asbestos mines in the Northern Cape).

The survey yielded 113 names of individuals who claim to have worked at asbestos mines of which only six claimed to have worked at a mine covered by the Trust. These six are being investigated further.

Medical Screening

The mobile screening process was used with great success in Lesotho. 414 claimants were identified and have been or are being processed. The Trustees believe most of the potential claimants have now been found and registered with the Trust.

No further mass mobile medical screening sessions are planned for new potential claimants in Lesotho. Systems will be put in place though to ensure that should any potential claimant that has not registered with the Trust come forward, he/she will be able to investigate and lodge a claim.

There are currently no plans to conduct mass mobile screening sessions in other areas.

8. COMMUNITY INTERACTION

New Model

Subsequent to the year end, the trustees have briefed claims handlers and community representatives on the reason for an application of the new model. The new model was generally well received, although concern was expressed about the decision not to award annual benefit increases linked to inflation.

Asbestos Coordinating Committee of the Kgalagadi (ACCK)

During the year under review, the KRT provided R37 800 towards the operating costs of the ACCK, a community organization established with the assistance of the trusts to educate, inform and mobilise all stakeholders in response to the challenges of asbestos.

After a careful review of the objectives and achievements of the ACCK, the trustees decided that no further funding would be provided in the current year.

Community Issues

We continue to work closely with community based organizations and other stakeholders in former asbestos mining communities on issues that affect individuals who may qualify to receive compensation from the Trust, and their families. These include:

- Lack of adequate healthcare facilities for individuals who were exposed to asbestos and who continue to live in former asbestos mining communities.
- Lack of hospice facilities for asbestos cancer sufferers in the Northern Cape province of South Africa.
- Lack of heart and lung removal/post mortem services in certain state hospitals servicing former asbestos mining communities – this is important for the purposes of claiming compensation from the State and the Trust where the deceased former miner died without lodging and, or, finalizing his/her claim for compensation.
- The need to rehabilitate primary and secondary sources of asbestos pollution in order to minimize and stop exposure to asbestos and the future development of asbestos related diseases in affected communities.
- The need for information and education about the dangers of asbestos.

9. COMMUNICATION & EDUCATION

Heart & Lung Removal Awareness Campaign

The Trust in conjunction with the ART agreed to fund a Heart and Lung Removal Awareness radio campaign in South Africa. The primary objective of the campaign is to create awareness of the importance of and need for examination of the cardio-respiratory organs of miners/former miners, including former asbestos miners, upon death.

The campaign launched on 15 March 2010 and ran for two weeks. The campaign comprises public service announcements based on five key themes related to the removal of the cardio-respiratory organs of former miners, and will be broadcast on five radio stations in three provinces of South Africa. Depending on the success of this campaign further campaigns will be contemplated in other regions.

Asbestos Advocacy Campaign

The Trust will, in conjunction with the ART, conduct an asbestos advocacy campaign to highlight the issues identified above. The timeframe for this campaign is currently the 2010/2011 financial year. This campaign will complement medical educational/palliative care initiatives currently being considered by both asbestos trusts.

10. SOCIAL PROJECTS

In terms of the Trust Deed, the KRT contributed to a number of social projects that have benefited communities affected by the legacy of asbestos predominantly in the Northern Cape. An amount of approximately R506 908 was spent on social responsibility projects as at 28 February 2010. These projects have resulted in direct and indirect benefits to asbestos affected communities in which the majority of our claimants reside.

The main projects are listed below.⁴

Kuruman Palliative Care Nurse Project

Sr. Phemelo Magabanyane, our Palliative Care Nurse, continues to provide medical and psychological support to cancer sufferers and is making a difference in their lives through her work.

Neil White Bursary

The 2007 bursary winners, Dr Lady Jood and Dr Nelia le Roux, completed their diploma in 2009.

This bursary programme will be re-conceptualized and developed into a programme for the up-skilling of rural doctors in pneumoconiosis.

Supedi Maths Programme

The Trustees have agreed to sponsor a modest follow-up programme in the ten schools that participated in the 2008 Supedi programme.

Cancer Charity Workers

The Trustees have agreed to renew their financial contributions towards the Cancer Charity Workers, an organization that provides assistance to persons who have been diagnosed with cancer.

11. FINANCIAL COMMENTARY

Grant Account

⁴ More details and an updated schedule of social projects are available on the KRT website.

The audited financial statements for the period 1 March 2009 to 28 February 2010 indicate that as at 28 February 2010 there was some R4,68 million available for distribution to beneficiaries/claimants and R4,37 million outstanding for claims approved but not yet paid. This equates to an amount of only R311,280 being available for claims not yet approved for payment.

Subsequent to the financial year end, the founders “topped up” the grant account in the amount of R11 million.

Cost Account

These statements also indicate that as at 28 February 2010 there was some R1,1 million⁵ available for payment of administrative expenses and R1,4 million in accounts payable.

Social projects are solely funded by *interest* received on monies invested in both the Grant and Cost Accounts. The vehicle for payment of projects is the cost account, or operational account, of the KRT. In order to optimise the amount of interest earned on funds available for the payment of grants, which is traditionally larger, the interest earned is kept with these funds as long as possible. When the interest is needed, it is transferred to the Cost Account.

Subsequent to the year-end, the founders “topped up” the cost account in the amount of R3,5 million.

Operational Expenses

The operational costs of the KRT, reflected in the attached income and expenditure statement, were in this financial year approximately 14% of the total amount paid out to successful claimants (R3 million spent on all operational costs to pay out R21,1 million to successful claimants, excluding R4,37 million not yet paid out due to outstanding banking details or Release and Discharge forms).

This “cost/benefit” ratio includes 51% of potential claimants who are processed but do not meet the medical criteria to lodge a successful claim with the KRT.

12. RECOGNITION

I would like to thank the trustees and staff of the Asbestos Relief Trust, which has provided the KRT with valuable advice and administrative support for the past four years. Our thanks also go our service providers, the medical practitioners and claims handlers, who ensure that claimants are given all possible assistance to lodge their applications.

⁵ Accounts payable has already been taken into account

And finally, my thanks go to my fellow trustees, Phiroshaw Camay and Markus Heitz, for their collegial wisdom and guidance.

A handwritten signature in black ink, appearing to read 'Brian Gibson', with a small dot at the end.

Brian Gibson
Chairperson

5 July 2010

DEFINITIONS

Term	Definition
Administrative Pipeline	This refers to applications which have met the medical criteria and are now being processed administratively and are yet to be approved for payment and paid.
ARD	Stands for Asbestos Related Disease. ARD means mesothelioma, asbestos-related lung cancer, asbestosis and/or asbestos-related pleural thickening but does not include asymptomatic pleural plaques.
ARD 1	Means asbestos related pleural thickening and/or asbestosis, with mild to moderate lung function impairment.
ARD 2	Means asbestos related pleural thickening and/or asbestosis, with severe lung function impairment.
ARD 3	Means asbestos related lung cancer.
ARD 4	Means mesothelioma.
Batch	Refers to a group of potential claimants that begin the claims process. Potential claimants are grouped and referred to their batch numbers during the two medical screening phases.
Claimant	Refers to an individual who has lodged an application for compensation with the Trusts and who has met all the criteria for compensation.
Compensable	Refers to the number of claimants who have met the administrative criteria and have been diagnosed with an asbestos related disease as defined in the Trust Deed.
Enquiries	Refers to any attempt to investigate and, or, lodge a potential claim with the Trust.
Medical Information Outstanding	Means that a Medical Letter has been issued for the potential claimant to attend a medical consultation for the purposes of establishing whether he/she has a compensable disease but the individual has not attended the consultation.
Not Compensable	Refers to the number of potential claimants who have met the administrative criteria but have not been diagnosed with an asbestos related disease as defined within the Trust Deed and which therefore do not qualify to be compensated.
Non Qualifying	Refers to applications for compensation where the individual does not meet the administrative criteria to claim.
Pending Payment <i>(approved but no yet</i>	Refers to a claim/s that has/have been approved for payment but not paid because of outstanding banking details and, or, the Release & Discharge form.

<i>paid out)</i>	
Potential Claimant	Refers to an individual who has lodged an application for compensation with the Trusts but who has not yet established that his/her claim meets all the criteria for compensation.
Stage 1	Refers to the chest x-ray screening stage, when potential claimants are screened by way of a chest x-ray to determine whether there is evidence of asbestos lung disease.
Stage 2	Refers to the stage where further investigations are conducted to determine whether the potential claimant, whose chest x-ray showed evidence of asbestos disease, meets the medical criteria to lodge a claim with the Trust. Typical further investigations include spirometry. Feedback is also provided to potential claimants who do not show evidence of asbestos disease.
SOMP	Means the Specialist Occupational Medical Panel, an independent panel of occupational medicine experts who read the medical files and determine whether the potential claimant meets the medical criteria for compensation.