



**KGALAGADI RELIEF TRUST
CHAIRMAN'S REPORT
FOR THE FINANCIAL YEAR-ENDING FEBRUARY 2009**

1. INTRODUCTION

It gives me great pleasure to submit my annual report on behalf of the Trustees. By way of introduction, it is perhaps necessary to briefly describe the work of the Trust:

- The KRT was formed when Becon, the company dealing with asbestos related issues on behalf of the former Swiss Eternit Group, agreed to establish a fund to provide financial relief to individuals who contracted an asbestos-related disease (ARD) while employed between 1952 and 1981 at the Kuruman Cape Blue (KCBA) and Danielskuil Cape Blue (DCBA) asbestos mines.
- The KRT will provide financial relief for 20 years in strict accordance with the court-approved Deed of Trust which regulates the claiming procedure and formula for working out the payments. The amount of money that will be paid to the KRT by Becon is confidential. The Trustees have been assured by the founders that the KRT will be able to meet its obligations.
- The KRT is administered by the Asbestos Relief Trust (ART) – which was established in 2003 to provide financial relief to the former employees of asbestos mines operated by Gencor Limited, Msauli Asbes Beperk and Gefco - in terms of a Service Level Agreement. This avoids unnecessary duplication of costs and improves operational efficiency as some people claim against both Trusts. The procedures and benefits of the KRT closely resemble that of the ART. All ART offices process claims on behalf of the KRT.
- Qualifying claimants are:
 - Those employed at the mines operated by KCBA and/or DCBA between 1 January 1952 and 30 September 1981 that have been diagnosed with an asbestos-related disease with lung function impairment of more than 10%.
 - Dependants and children of any former employee who died from mesothelioma or asbestos-related lung cancer, less than three years before the claim is lodged.
 - People and the dependants of deceased persons who have contracted an asbestos-related disease from having lived in the immediate vicinity of the above-mentioned mines.
- Qualifying claimants undergo a free medical examination. The results are reviewed by an independent specialist occupational medical panel that determines the degree of disability. Should the claimant have an asbestos-related disease (ARD), the administrators determine the benefit based on age and work history of the claimant, the nature and severity of the disease and the treatment needed. Compensation already paid or payable from other sources such as the Medical Bureau for Occupational Disease (MBOD) or the ART is deducted from the benefit paid by the KRT. This is to prevent “double compensation”.
- The KRT makes every effort to settle claims within three months of the claim being lodged. Environmental claims take longer as extra information is required.

2. CLAIMS LODGED

During the year under review, 715 new applications were received from individuals claiming occupational or environmental exposure to asbestos dust from the operations of KCBA and/or DCBA. Of these, 358 arose as a result of the focused recruitment campaign in Lesotho, which is reported on more fully later in this report. As at the year-end, 2784 claims had been lodged with the Trust since it was founded in July 2006.

Of these claims, 1202 were found to be free of asbestos related disease and declared non-compensable by the KRT Specialist Occupational Medicine Panel (SOMP).

The medical outcome of the total claims received as at 28 February 2009 (as compared to the cumulative data at the end of the previous financial year was as follows):

	2008/09	2007/08
Claims Received¹	2784	2069
Claimants still to present for a medical examination²	208	266
Declared Non-Compensable	1202	1023
Declared Compensable:	1016	780
• <i>ARD1 (Asbestos related pleural thickening and/or asbestosis, with mild to moderate lung function impairment)</i>	810	648
• <i>ARD2 (Asbestos related pleural thickening and/or asbestosis, with severe lung function impairment)</i>	109	88
• <i>ARD3 (Asbestos related lung cancer)</i>	19	13
• <i>ARD4 (Mesothelioma)</i>	78	31

3. ENVIRONMENTAL CLAIMS

I reported last year that, after careful consideration and in consultation with various specialists, the Trustees had developed policies and procedures for the assessment of environmental claims in terms of the Trust Deed.

Of the 89 environmental claims received since the Trust was founded, 80 had been processed by 28 February 2009

¹ 358 of the potential claims in 2008/09 were lodged in Lesotho as a result of a focused recruitment drive. All of these claims were still being processed at the year-end and will be reported on more fully next year.

² This figure includes individuals to whom medical letters have been issued but who have not yet presented themselves for a medical examination.

Nineteen were accepted as having an asbestos related disease as a result of environmental exposure at or near DCBA or KCBA. Of the 19 claims, eight are attributable to KRT exposure only and 11 are due to dual exposure, i.e. KRT and the ART, meaning that the grant is paid on a proportional basis.

The following is a summary of the environmental claims processed as at 28 February 2009:

Category	KRT	Dual	Total
Total Claims			89
Denied	-	-	61
Still Investigating	-	-	9
Approved	8	11	19
Paid	4	8	12
Pending	4	3	7

4. GRANTS PAID

During the year under review R19 964 351 was paid to a total of 284 claimants. This means that as of 28 February 2009, 717 of the 1016 claimants who qualify had been paid a total of R39,7 million.

The average time between claims approval and receipt of documents from claimants to allow payment is six weeks.

The year by year breakdown of payments per disease category since the inception of the Trust was as follows³:

ARD	Number Paid			Amount Paid		
	2006/7	2007/8	2008/9	2006/7	2007/8	2008/9
ARD1	137	212	224	R3,587,063	R7,161,091	R7,754,486
ARD2	28	40	24	R1,777,365	R2,871,698	R1,557,243
ARD3	1	2	5	R122,490	R160,946	R981,039
ARD4	3	10	31	R777,943	R3,321,107	R9,671,583

³ The KRT's share of the award to 19 successful environmental claimants in 2008/09 amounted to R4 812 883.

Total	169	264⁴	284	R6,264,861⁵	R13,514,842⁶	R19,964,351
Grand Total	717			R39,744,054		

Although the number of claimants with more serious disease may be relatively low compared to the total, the financial implications for the Trust are potentially severe.

For example, it can be seen that there was an increase in the average amount paid from R51,192.58 per claim in 2007/08 to R70,297.70 per claim in 2008/09. This can be attributed mainly to the increase in the number of claimants who were diagnosed with an ARD3 or ARD4 and therefore received a higher benefit.

Taking into account the longer latency periods associated with progressive levels of asbestos related disease, it stands to reason that ARD3 (lung cancer) or ARD4 (mesothelioma) claims are possible for up to 50 years after the qualifying period date set by the Founders, namely 1952 - 1981. There is recent evidence that shows that asbestosis can also remain dormant for a similarly long period.

The Trustees will monitor these trends closely and advise the Founders accordingly.

5. CLAIMS APPROVED FOR PAYMENT BUT NOT YET PAID

As of 28 February 2009, 76 claims totalling R5,1 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.

6. CLAIMS NOT YET PROCESSED

As at 28 February 2009 431 claims were in the pipeline, 208 of the claimants had not yet presented themselves for a medical examination while a further 223 claims were still being processed administratively.

7. FUTURE CLAIMS HANDLING & RECRUITMENT

⁴ I reported last year that 439 claims had been paid, whereas the total for 2006/07 and 2007/08 is here reported as 433 claims paid – the difference is due to six claims that were paid by cheque in the period year and only cashed in the current year.

⁵ The amount of paid claims previously reported for the 2007 financial year amounted to R6,401,474. The difference of R136,613 relates to cheques that were not yet presented as at 28 February 2007 and which were deposited during March 2007

⁶ The amount of paid claims previously reported the 2008 financial year amounted to R13,596,073. The difference of R81,231 relates to the cheques dated Feb 2007 deposited after the year end as detailed in note 3 and a difference of R217,844 relating to cheques that were not yet presented as at 29 February 2008 and which were deposited during March 2008

It is the Trustee's belief that the majority of prospective occupational claimants in the Greater Kgalagadi area have now been processed. The ART/KRT office in Kuruman will be closed shortly due to the fact that our local service providers can provide the necessary services. We will, however, continue to maintain a presence in the area through the work of our palliative care nurse and our close working relationship with the Asbestos Interest Group and Asbestos Coordinating Committee of Kgalagadi.

Based on an assessment of work records, the Trust strengthened its recruitment and support services in Lesotho. 358 potential KRT claimants were recruited in Lesotho between March 2008 and January 2009

Three medical screening sessions took place in Lesotho and 330 potential claimants were x-rayed. In November, the medical outreach team of Dr Jim teWaterNaude, Sister Elizabeth Nolokwe and Sister Phemelo Magabanyane travelled to Lesotho to examine and do lung function tests for the first 100 of those already screened.

Small scale recruitment drives in Botswana have indicated some potential to attract new claims but more work must be carried out in the area.

Enhanced recruitment drives are being planned in the Free State and Eastern Cape.

Given the geographic spread of new claims recruiting areas, a mobile chest x-ray unit will be used to screen potential claimants in these areas.

8. COMMUNITY INTERACTION

Asbestos Coordinating Committee of Kgalagadi (ACCK)

The main purpose of the ACCK, which is supported financially by the KRT, is to assist with:

1. Environmental rehabilitation of asbestos affected areas.
2. Access to health facilities to asbestos sufferers.
3. Access to compensation (not only from the KRT) for all asbestos sufferers.

Over the past year, the ACCK continued with its advocacy work. The ACCK hosted Dr Richard Lemen, former Assistant Surgeon General and Acting Director and Deputy Director of the National Institute for Occupational Safety and Health, United States, in Kuruman. He was representing the Asbestos Disease Awareness Organisation (ADAO), an American based asbestos advocacy group, at the National Asbestos Conference.

We continue to provide invaluable input to this Committee.

Asbestos Interest Group (AIG)

The AIG, which is financially supported by the Trust, continues with its grass roots work among communities in the Kgalagadi District of the Northern Cape. Whilst they were formed as a result of the need to educate and advocate around the dangers and legacy of asbestos, this group has, as previously reported, expanded their focus to other occupational related lung diseases and, tuberculosis and HIV/Aids.

The AIG also recruits claimants for the KRT and we continue to work closely with them.

In addition, we have recently established links with other community based organizations that have an interest in asbestos and have provided them with information about the KRT and the claims process for onward communication to their members.

9. COMMUNICATION & EDUCATION

Asbestos Information Booklet

This booklet titled "Asbestos and Asbestos Compensation Schemes in South Africa" was finalised and distributed to stakeholders. It will be updated on a regular basis. A copy of the booklet is available on our website on www.asbestostrust.co.za

Radio Campaign

The KRT will be re-broadcasting the mini-dramas (MDs) and public service announcements (PSAs) developed around the claims process to recruit more potential claimants. These will also be broadcast on community stations which were previously not used.

New MDs and PSAs are currently being developed to advise potential claimants and their families about the importance of the removal of heart and lungs at autopsy for diagnostic purposes.

Occupational Health Workshops

The KRT was invited to present at various occupational health workshops across South Africa. The workshops were organized by the Department of Health's Medical Bureau for Occupational Disease (MBOD) and Compensation Commissioner for Occupational Disease (CCOD).

The workshops were held with occupational health professionals in most of the nine provinces of South Africa with the purpose of educating them about the various occupational health compensation systems, both statutory and private, in existence.

Through these workshops the KRT was able to communicate about its existence and, more importantly, increase its reach in traditionally non-mining provinces where potential claimants may reside.

Asbestos Regulations Workshop

The Department of Environmental Affairs and Tourism published asbestos prohibition legislation on 28 March 2008, referred to as the "asbestos regulations".

The KRT, in conjunction with the ART, held a workshop with various interested parties to examine and discuss these regulations. This workshop was held on 20 August 2008 and was well attended and well received. The workshop material is available on our website.

Environmental Claims Workshop

The KRT, in conjunction with the ART, held an environmental claims workshop on 25 February 2009 in Kimberley. The purpose of the workshop was to communicate to and educate stakeholders about the KRT and ART's environmental claims processing procedures.

Whilst unfortunately poorly attended by local and regional government departments, the workshop was otherwise a success. The environmental guidelines can be found on our website.

National Asbestos Conference (NAC)

The NAC was held between 14 and 15 October in Johannesburg. It was made possible by financial contributions from the KRT (R350 488), the ART, Everite Building Products and a donor who wished to remain anonymous.

The conference, which had a strong national and international presence, expressed extreme concern about:

1. The lack of progress made since the National Asbestos Summit convened by Government in 1998;
2. Difficulties faced by former asbestos mine workers to secure proper compensation from the State;
3. The absence of a State compensation scheme for thousands of community members who are sick because of environmental asbestos pollution in former mining areas; and
4. The slow progress in rehabilitating former asbestos mines and many villages and towns in the former asbestos mining regions.

The conference proceedings will be finalized shortly.

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 R1,841 million has been spent on social responsibility projects to date. These projects have resulted in direct and indirect benefits to asbestos affected communities in which the majority of our claimants reside.

The main projects were:⁷

Kuruman Palliative Care Nurse Project

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

Neil White Bursary

The Trustees are considering expanding the scope of this bursary to include generic occupational health education programmes focused primarily on asbestos disease. These programmes will be administered by the Trusts' Medical Office. This initiative is still in the planning and development phase, more information will be provided in due course.

The 2008-2009 bursary winners, Dr Lady Jood and Dr Nelia le Roux, are progressing well.

Supedi Maths Programme

Due to the success of the 2008 Supedi programme in 10 schools in the Kgalagadi District, the KRT agreed to sponsor another programme, valued at approximately R310,000, in 12 schools in the District in 2009.

Cancer Charity Workers

⁷ More details and an updated schedule of social projects are available on the KRT website.

The Trustees have agreed to provide a financial contribution towards the Cancer Charity Workers for the purposes of providing refreshments to persons who have been diagnosed with cancer and who attend at the Kuruman Hospital for their monthly oncology visit.

Ronnie Morris Occupational Health Writing Award

The Trustees have, in conjunction with the ART, agreed to establish the Ronnie Morris Occupational Health Writing Award in honour of the late business and High Court journalist, Ronnie Morris, who spent much time in the Kgalagadi District and wrote many articles about the plight of communities affected by the asbestos legacy. He passed away in April 2008.

11. OPERATING EXPENSES

The Trustees are mindful of the fact that funds invested in operating expenses detract from the sum available for the payment of grants. Careful attention is paid to providing the appropriate level of cost-effective services and administration, bearing in mind the claims trends.

As reflected in the income and expenditure statement, the operational costs of the KRT for the year (R2,9 million) represented approximately 14,5% of the total amount paid out to successful claimants (approximately R20 million).

A significant percentage of the operating expense is incurred in processing the 54% of claimants that do not meet the medical criteria to lodge a successful claim with the KRT.

It is anticipated that, in the years ahead, recruitment costs will increase as the Trust seeks to meet its obligations across a bigger geographic footprint. The cost of assessing and administrative claims is therefore likely to increase as a percentage of benefits paid.

Brian Gibson
Chairperson

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.
Non compensable	Refers to the number of 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.
No ARD	Means that there is no evidence of a compensable asbestos related illness as per the criteria in the Trust Deed.

<p>Pending Payment</p> <p><i>(approved but no yet paid out)</i></p>	<p>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.</p>
<p>Potential Claimant</p>	<p>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.</p>
<p>Release & Discharge Form</p>	<p>A form which claimants must sign before receiving a grant whereby the claimant accepts the award in lieu of further action against the Founder.</p>
<p>Stage 1</p>	<p>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 infection on the lungs.</p>
<p>Stage 2</p>	<p>Refers to the stage where further investigations are conducted to determine whether the potential claimant, whose chest x-ray showed evidence of asbestos infection, meets the medical criteria to lodge a claim with the Trust. Typical further investigations include spirometry.</p> <p>Feedback is also provided to potential claimants who do not show evidence of asbestos infection.</p>