

Health claims likely to increase

By Deborah Spicer

Companies need to focus their attention on calculating the future health liabilities of their projects.

This is as a result of health claims against established mining companies, which are likely to increase as a result of a Constitutional Court judgement that will allow Thembekile Mankayi's estate to sue AngloGold Ashanti under common law for lung disease that he sustained while working at the company.

Mankayi, who died two days before the judgement was issued, lodged a civil claim of more than R2.6-million against AngloGold Ashanti and, since between 300,000 and 500,000 ex-mineworkers suffer from lung disease, experts suggest that total settlements of up to ZAR700m are possible against the industry.

"More effort should be put into quantifying the value of health liabilities so that companies don't underestimate them," says mathematician Iaan Myburgh.

"This should be included in cash flow calculations as it affects the viability of a project," he notes.

At present, social and environmental risk in a South African context is regarded as a lower risk than those related to reserves, metal prices, operating costs and political and country factors.

It traditionally ranks as a higher risk than those associated with capital costs, title and ownership, management, data quality, location, processing and recovery, stage of development, ability to increase reserves, ability to increase reserve, geology and deposit type, life of mine, cost of inflation, mining and processing methods, scale of project and taxation in the South African context.

It will be important to assess how established mining companies come to terms with this new financial risk that had been virtually ignored until the recent Constitutional Court judgement made it clear that mining companies will have to take more financial responsibility for their neglect of health and safety issues in the past while increasing their expenditure on preventing lung disease.