

ROYAL BAFOKENG NATION

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KGOTHA-KGOTHE

22 OCTOBER 2011

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## Message from Kgosi

This report contains audited financial statements for the Royal Bafokeng Nation for the 2010 financial year. The total net asset value of the RBN commercial assets was R31 billion at the end of December 2010. Driven by the strategic importance of a diversified asset portfolio, the RBN increased its stake in Zurich Insurance Company of South Africa from 10% to 25.1%, acquired a 10% stake in Atterbury Investment Holdings, a 31.67% share in the Eris Property Fund and a 5% in share in Rand Merchant Bank Holdings. RBN's strong balance sheet will enable further growth and diversification of the asset portfolio through gearing. However, the slow recovery of global financial markets has had a negative impact on our projected growth and could imply an extended deficit our initial forecast of anticipated recovery by 2015.

2010 was a unique and memorable year in the life of the Royal Bafokeng Nation. We hosted athletes and visitors from around the world for six matches of the FIFA 2010 World Cup, as well as team England, and learned a great deal in the process. We completed major capital projects including the Bafokeng Sports Campus and the new facilities for Lebone II at Tshufi Hill. We also renovated clinics, established technical and vocational programmes, and completed a 15 mega-litre water reservoir.

the year in our investment portfolio was the listing of Platinum on the Johannesburg Stock Exchange, a development which was very well received in the investment community. With the completion of many major projects came the inception of many more. In 2010, we launched the Agriculture Masterplan project, aimed at revitalizing the commercial agriculture planning for PULA, the first comprehensive socioeconomic baseline study of the RBN, results of which will be released by the end of 2011.

We took a hard look at our administrative capacity, our governance structures, and our community outreach mechanisms, with the objective of major improvements.

We also launched our project management website ([rbnoperationsroom.com](http://rbnoperationsroom.com)), enabling us to manage projects more effectively as well as communicate project information to the entire community on a more frequent basis.

The Nation's assets provide the financial resources for the programme designed to improve the lives of all Bafokeng. As we steward these assets with care and caution, we are ever mindful of the need to deliver services and programmes in a more efficient and sustainable manner. We will continue to pursue these improvements even as we continue to face challenging economic conditions.

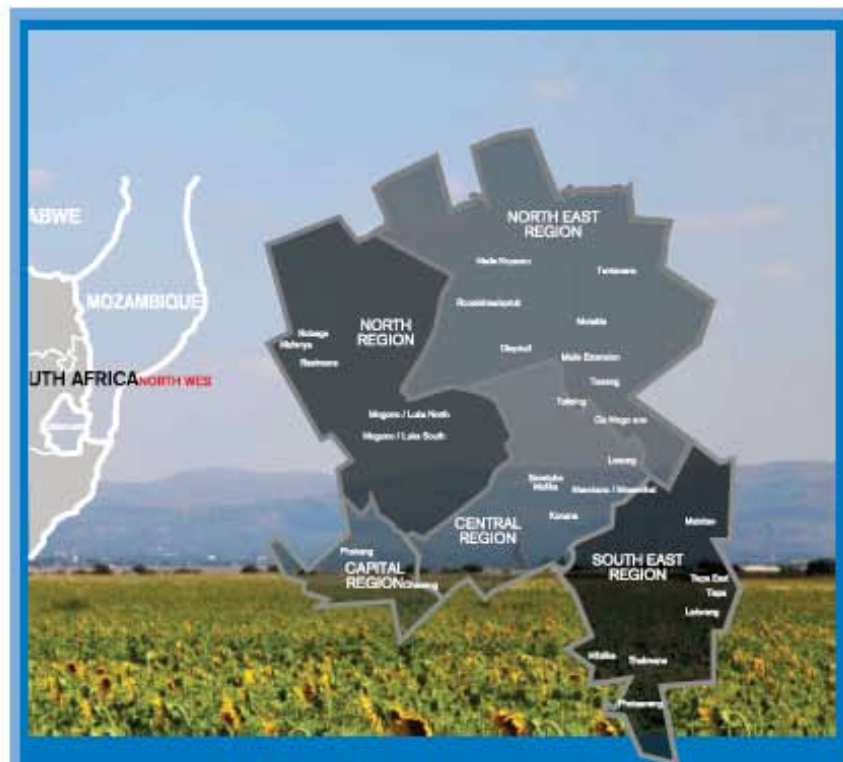
Kgosi Leruo Molotlegi





## GOVERNANCE

The Royal Bafokeng Nation is legally defined as a universitas personarum, or unincorporated association of people. The Nation collaborates closely with South African local and provincial government structures.



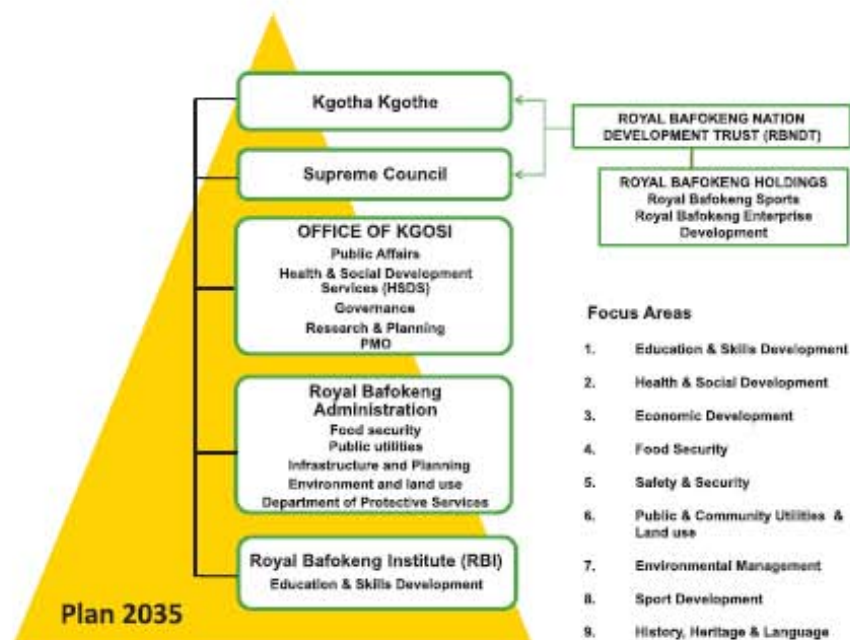
**POPULATION:** Approximately 300 000 (160 000 living in the area)  
**AREA:** 1 400 km² (title deed land owned by RBN)  
**SETTLEMENTS:** 29 villages in five regions  
**LARGEST TOWN:** Phokeng (150 km from Johannesburg)  
**GEOGRAPHY:** Rolling bushveld plains broken by small hills  
**CLIMATE:** Temperate with hot summers and cool winters  
**NATURAL RESOURCES:** Platinum and associated minerals  
**INDUSTRIES:** Mining, agriculture and tourism  
**INVESTMENT PORTFOLIO:** R30.9 billion at the end of 2010  
**LANGUAGE:** Mainly Setswana

## KgothaKgothe a general meeting for all bafokeng

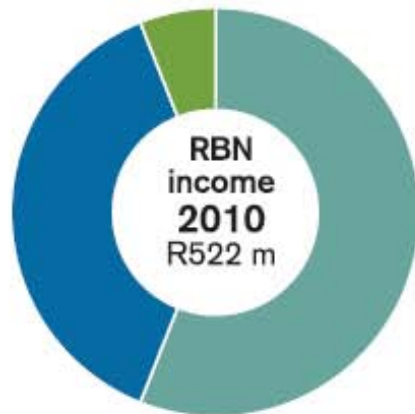
KgothaKgothe is the highest-ranking decision-making body in the RBN. It is a general meeting of all Bafokeng that is held twice a year as well as whenever there is an important issue to debate. All major decisions are ratified by a direct vote at the KgothaKgothe.

## Supreme Council

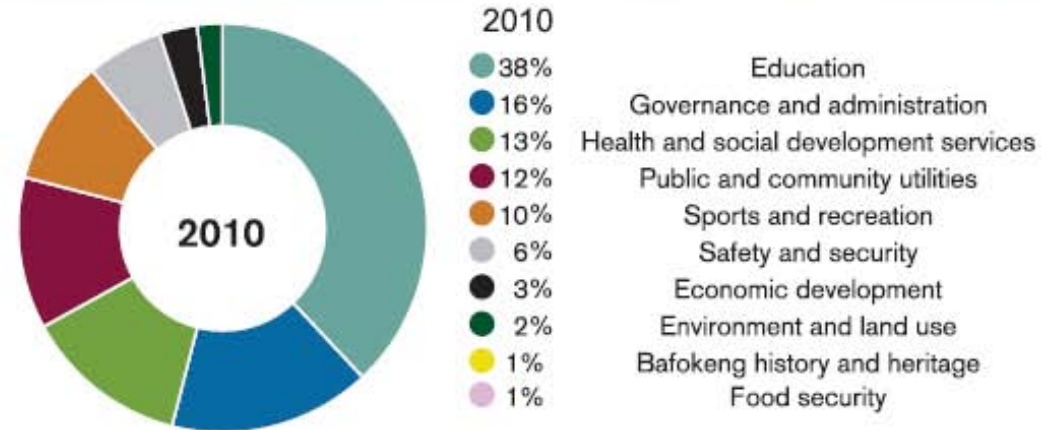
On a quarterly basis, as well as whenever important decisions affecting the entire community need to be made, Kgosi convenes the Supreme Council of the Royal Bafokeng Nation. This is an 84-member body, chaired by Kgosi, that consists of the Council of Dikgosana (72 hereditary headmen) and the Traditional Council (five elected and four appointed positions).



Our budget for the next three years is R2.32 billion. The 2011 budget is R800 million, somewhat lower than the 2010 expenditure. This decrease reflects an ongoing need for a more conservative expenditure plan in line with necessary downsizing after the global recession. The budget is targeted towards nine key focus areas. Due to the recent recession, the RBN foresees budget deficits for the next three years until 2013.

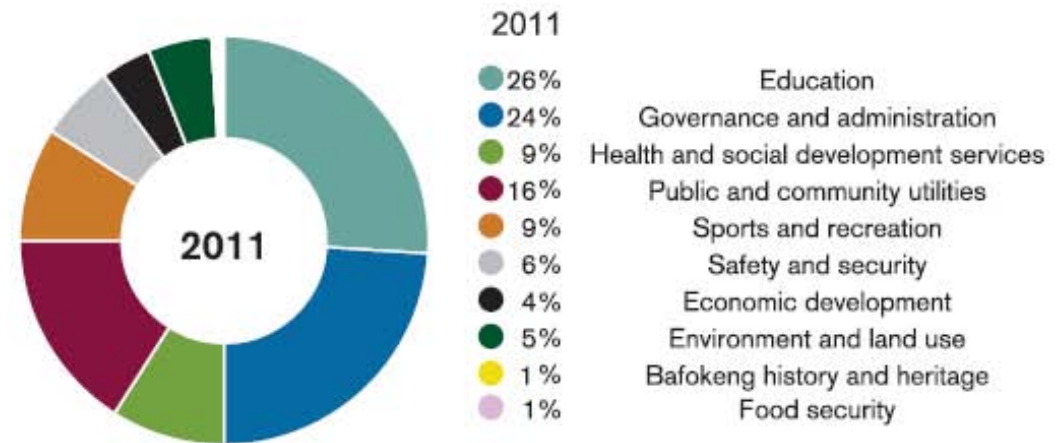


- 56% Interest
- 38% Dividends
- 6% Other: water, rent, etc.



**RBN expenditure:**  
R901. million

Expenditures for the nine key focus areas do not necessarily match those of particular departments. The expenditure on a particular focus area may be by more than one department.



**RBN budget:**  
R800 million

Budgets for key focus areas do not necessarily match those of particular departments. The budget for a particular focus area may be allocated to more than one department.



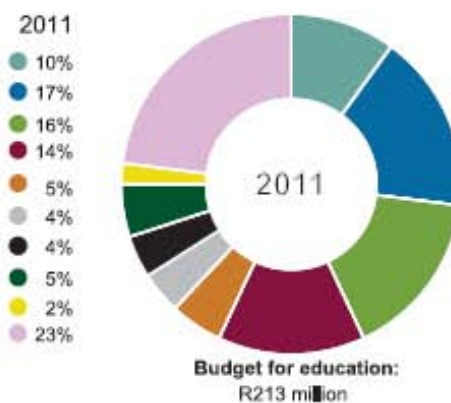
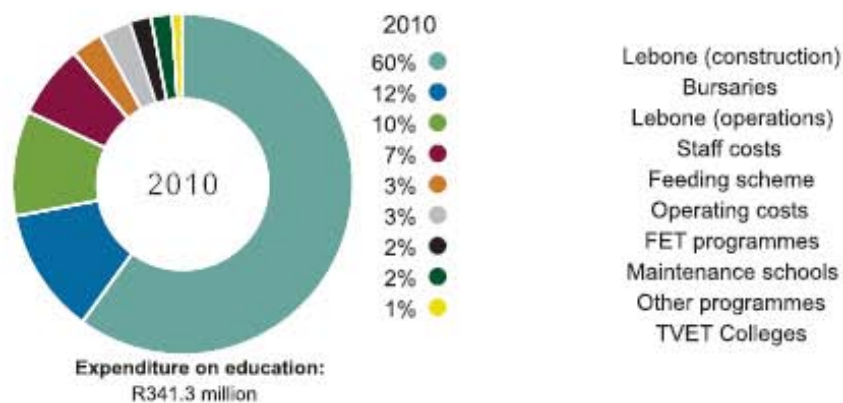
## EDUCATION

Education is our most important priority, most critical, to develop the self-reliance of the Bafokeng Nation. RBI oversee and improve the standard of education throughout the nation, from early childhood to adult education (incl the broader community), part of our plan to create a nation of life-long learners.

Our 44 schools; all of which have recently achieved Section 14 status allowing for increased levels of local control. There are also 17 schools in surrounding areas assisted by RBI. Of the 44 Bafokeng schools, 29 are primary and 15 are middle and high schools. The RBN also operates 14 early learning centres/pre-schools.

In 2010 R341.3 million was spent by RBI. The largest cost was the construction of Lebone II College (R205.8 million), followed by the tertiary loans programme to support Bafokeng students through university (R39.4 million) and Lebone II running costs (R34.1 million). In the 2011 budget, only R20.3 million is allocated to Lebone II construction as the new campus is mostly complete, and instead R50 million will be directed towards building the adult Technical Vocational Education and Training (TVET) colleges.

Expenditure on the School Feeding Scheme rose from R6.7 million in 2009 to R9.6 million in 2010 as we rolled the scheme out to 10 new schools, feeding more than 6 000 additional children. 20 schools and (9 000 children) were served by the end of 2010 at a cost of approximately R6.80 per child, which includes a government contribution of R1.80 per child (compared with R6.56 in 2009). RBI intends to have the scheme operating in all 44 Bafokeng schools by the end of 2013.



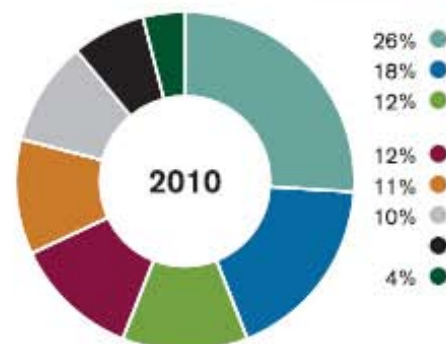
## HEALTH & SOCIAL DEVELOPMENT

The Royal Bafokeng Health and Social Development Service (HSDS) supports and complements government's primary healthcare system, giving our people access to high quality healthcare and social service.

Our 2010 expenditure was R84.8 million, largely spent on bulk water and sanitation; renovations of clinics and developing the Emergency Medical Services (EMS) centre (about R15.1 million).

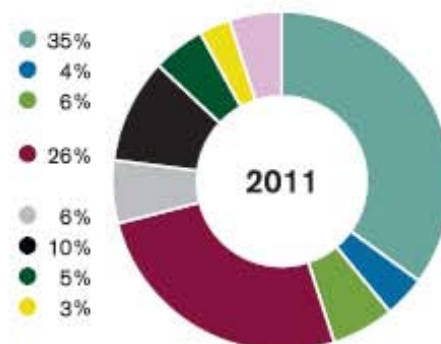
Expenditure on social programmes was R9.9 million and R3.2 million was spent developing the LoveLife Youth Centre.

The 2011 budget for health and social development is R69.9 million. In 2011, the budget for combating substance abuse will be increased fourfold to R667 000, and we are also budgeting R1.3 million for a new sheltered employment project for people with disabilities.



**Expenditure on health and social development:**  
R84.8 million

2010		2011	
26%	Bulk water	35%	
18%	EMS centre / clinics	4%	
12%	Community services programmes	6%	
12%	Staff costs	26%	
11%	Sanitation		
10%	Operating costs	6%	
	Grant to Trust (social)	10%	
4%	LoveLife Youth Centre	5%	
	Medical equipment	3%	
	Health programmes		



**Budget for health and social development:**  
R69.9 million





## Improvements: Medical facilities

### 2010 Completed Projects

The Bafokeng Health Centre in Phokeng Renovations - Mfidikwe & Kanana clinics. Furnished Tlaseng and Thekwana with medical & office equipment. Installed a new X-ray unit for TB diagnosis & trauma treatment in Phokeng Clinic, which is already processing 50-60 clients per day.

### Staffing At Our Health Centres

There are three doctors, a physiotherapist, a clinical psychologist, a dietician, professional nurses and assistant nurses at the health centre and clinics in the Bafokeng region.

RBN employs five nurses to complement those employed by the government.

There are nurses at each clinic, doctors are present at every clinic twice a week on a rotational basis. This year, we will develop an operating theatre and 14 more overnight beds for the Phokeng Health centre.

## Providing Emergency Services.

In 2010, we established an Emergency Medical Rescue Services (EMRS) satellite site at Kanana, provided an ambulance, set up a Bafokeng Emergency Services hotline and procured a response car and patient-transport equipment for emergencies. A new disaster trailer to facilitate rapid responses to natural disasters was set up; this vehicle trailer carries tents, mattresses, blankets, bandages, a floodlight, torches and drinking water which can be brought rapidly to the site of a disaster, such as a flooded residential area. The unit can cater for about 100 people.

We are developing a full emergency call centre which will be completed by May 2011, based at Phokeng Health Centre. At a cost of R2.6 million, this centre will cover emergency services, security services, infrastructure support and general communications, and will incorporate social services including a childline and hotline for abused women.





## Access to Healthcare Services

Access to healthcare remains a challenge in the villages. When permanent clinics were closed for renovations in 2010, two mobile clinics were parked next to these clinics to provide primary health care services. A planned patient transport scheme for those people who have difficulty travelling to clinics or the hospital was also introduced last year.

Our 2011 objectives are to provide more comprehensive treatment of both communicable and non-communicable diseases, to address HIV/Aids in particular.

## Managing HIV/AIDS

The prevalence of HIV/AIDS in the Bafokeng region is estimated to be as high as 35%. HSDS supports the government in its management of HIV/AIDS in the Bafokeng area. While the government pays the operating costs (staff and pharmaceuticals) at the health facilities, the HSDS supports it with research, upgrades, extra capacity and management support. In 2010, HIV/AIDS counselling and testing (HCT) as well as antenatal support was rolled out to all clinics. The Phokeng Health Centre provides anti-retroviral treatment for HIV/AIDS and in 2010, we doubled the number of patients treated with ARVs, reaching approximately 6 000 patients from the Phokeng centre. We will soon extend this service to Chaneng Health Centre.

## Elderly Care Programmes

There are almost 4 700 people in the 60-99 year age group in the Bafokeng area who are receiving pension grants. Over 2 000 are classified as critical, needing assistance with food, transport and home-based care.

**Our programmes for the elderly aim to restore dignity, alleviate isolation and promote their human rights.**

## Dignity for the Disabled

There are just over 1 000 physically and mentally disabled people in the Bafokeng region. The aim of our disability programme (budget R2.4 million in 2010) is to help these people regain their dignity and to allow them to play a meaningful role in the community. Assistive devices, prostheses and wheelchairs are provided free of charge by the Bafokeng Health Centre to those who need them. In 2010, we established a forum, with quarterly meetings, to disseminate information and better understand the challenges faced by the disabled. We provide a bus to collect the 16 representatives that currently comprise the forum.

## Looking Ahead

Improving primary healthcare in the Bafokeng region. Addressing HIV/AIDS. Developing the Bafokeng youth through sports programmes. In our healthcare programmes, our priorities for the near future involve improving general healthcare, and specifically working to eliminate mother-child transmission of HIV. In our social programmes, our priorities in 2011 are to create a database of OVCs in the Phokeng area and to develop training and coaching for the 30 new childcare workers employed in 2010. In our work with the disabled, we plan in 2011 to establish the sheltered employment centre, to provide sign language training to the PWD forum, and to offer mobility training for the blind. As part of our case-work, we intend to start group therapy sessions for the foster-families of OVCs, and to start parenting workshops for the general community.





## ECONOMIC DEVELOPMENT

The Royal Bafokeng Enterprise Development (RBED) is charged with contributing towards developing entrepreneurship among the Bafokeng. RBED places a particular focus on enterprise development and aims to develop the Nation towards economic self-sufficiency. The RBED acts as a business development agency for Bafokeng small, medium and micro-enterprises (SMME). It offers entrepreneurs coaching, advice and training, and assists by facilitating access to markets and finance. It also helps them compete for contracts in the Bafokeng area and further afield.

In 2010, RBED spent approximately R29.8 million, which is due to increase to over R31.7 million in 2011. RBED directs 12.74% of its funds towards The Business Place Network – Phokeng (TBPB-P), with which RBED collaborates to optimise the assistance we offer to local start-ups. While TBPB-P concept stages of setting up a business, RBED offers sector-specific assistance to established businesses.

### **RBED's database lists 410 Bafokeng SMME's that have received our assistance:**

- **31% of these are in the construction sector,**
- **26% in agriculture,**
- **33% in services and tourism, and**
- **8% in mining/engineering**

operational businesses have maintained over 1 500 jobs during, the 12-month period leading to the end of December 2010. During 2010, RBED added indicators of growth and viability to the database.

**RBED has been efficient at keeping track of business interventions and want to improve their ability to assess their success in other areas – e.g the changing financial value of a particular SMME through time.**

However, only 68 (17%) of the 410 are operational, the remainder are at varying stages of development. The 68

## Promoting Bafokeng Entrepreneurship

In the second half of 2010, RBED focused on our core business of assisting local SMMEs. Our collaboration with The Business Place Network – Phokeng (TBPB-P) has yielded positive results including:

- Training 764 SMMEs in six of the programmes offered by TBPB-P (average 69 per month).
- Holding a networking session attended by 36 SMME's.
- Offering an Internet facility that was used an average of 131 times per month.
- 26 SMME's were referred to RBED for further enterprise development assistance.

During 2010, a range of opportunities were identified totalling in excess of R148 million, benefitting more than 20 local SMME's. For example, R37 million (18%) of the project budget for the construction of the new Lebone II College campus went to local SMME's.

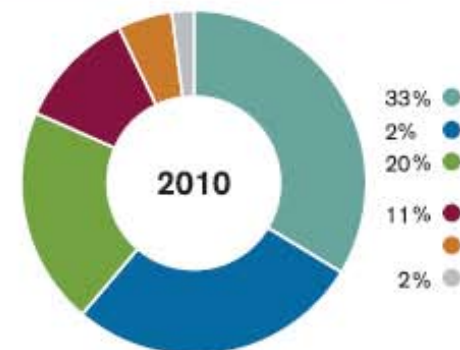




RBED recently compiled a business directory of 50 local SMMEs that have been successful through RBED assistance. The guide will be distributed to potential clients and other stakeholders during 2011.

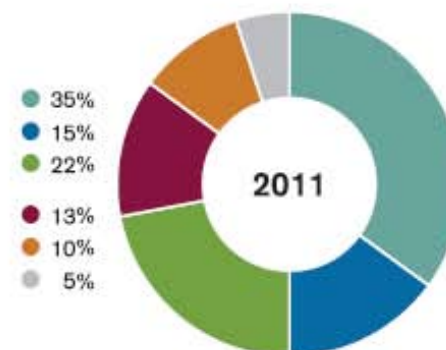
## Looking Ahead

To foster the development of new local businesses, one of RBED's roles is to identify new opportunities in the region. During 2010, RBED identified two businesses that it intends to initiate in 2011 – an egg production business and a furniture manufacturing project. RBED will develop a business plan for the egg production business, in partnership with the Department of Agriculture. This project has a budget of R100 000 for 2011 and will benefit 10 women involved in the business. The furniture manufacturing project, in partnership with the Furniture Technology Centre has a budget of R80 000 to develop a business plan and R200 000 to train youth from the North region of the RBN in related skills



**Expenditure on economic development:**  
R29.8 million

2010		2011
33%	Staff costs	35%
2%	SMME programmes	15%
20%	Grant to Trust (economic)	22%
11%	Operating costs	13%
	Enterprise Development	10%
2%	Business linkage and support unit	5%



**Budget for economic development:**  
R31 million

## FOOD SECURITY

South Africa is experiencing a food security crisis. While the country used to export staple foods to its neighbours, we became a net food importer in 2008. The inability of South African agriculture to keep pace with demand has left the country in a precarious position. In fact, food security has become a pressing challenge in national and global governance, and any resolution will require concerted effort.

The RBN is in the process of assembling an Agricultural Master Plan, in line with our broader development plan, Plan '35. The budget for our agriculture and food security focus area in 2010 was R6million, and this has trebled to R18 million for 2011. Kgosi Leruo has initiated an agricultural research project which will involve setting up an agriculture department. In conjunction with North-West University, the project will conduct an 18-month land survey, capacity study and a series of agricultural pilot projects. The survey involves sampling and mapping of soil-types and precipitation to determine the best agricultural use of different areas. In addition, social and market analyses will be conducted to identify viable projects, which will then be piloted. A previous Agriculture Base Study released by RBED called for development at different scales – large scale commercial, medium-scale and small community-based agriculture.

The Royal Bafokeng Nation has reasonable quality soil and rains on its land. With good planning, we can grow a large proportion of our own food and export to surrounding markets. Doing so will not only stimulate local enterprises and create employment, but contribute to our wider goals of sustainability and self-reliance, furthering our commitment to the UNDP's Millennium Development Goals.

**In 2010, RBED piloted three agricultural projects – a commercial vegetable garden, an essential oil farm, and a mushroom-growing project**

The Nation's Masterplan suggests future agricultural development along two lines. An agro-technology park will be a scientifically-driven research organisation concentrating on agricultural experimentation and improvement at a large scale. This will be balanced by supporting small individual farmers to produce their own food and sell their surplus to local Bafokeng through the development of farmers' markets. Local farmers' markets are increasingly popular all over the world, and in addition to supporting food security and local enterprises, they will provide fresher, healthier and more affordable food for our local consumers, while simultaneously reducing our carbon footprint.

In 2010, RBED piloted three agricultural projects – a commercial vegetable garden, an essential oil farm, and a mushroom-growing project. The commercial vegetable garden complements the School Feeding Scheme a programme as important for food security as it is for education. The scheme already sources a large portion of its fruit and 100% of its vegetables from local farmers and suppliers (who source food from larger markets). We plan to see the fresh produce for the School Feeding Scheme being increasingly supplied by our own Bafokeng commercial farms. These operations will provide employment for many Bafokeng, they will increase our self-sufficiency in food, and they will revive crop farming in the Bafokeng region.





Safety & Security expenditure in 2010 was R52.8 million, of which R26.3 million was spent on staff remuneration and R12.1 million on guarding services. Providing streetlights for the new roads built in 2010 also fell under the safety and security focus area, and cost R6.4 million. The budget for 2011 is R46.6 million, and the main costs will continue to be staff remuneration and guarding services at R29.5 million and R15.1 million respectively.

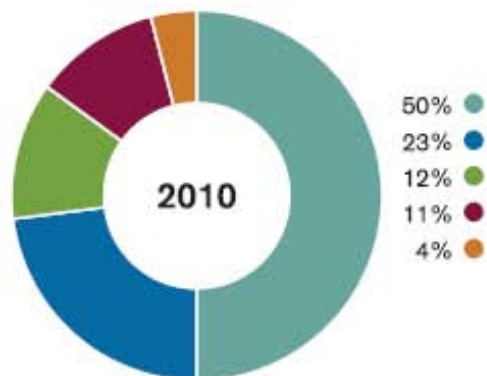
In 2010, our key achievements included the following:

The 19 new recruits to our Reaction Force completed an advanced training programme, and existing members underwent ongoing refresher courses in a wide variety of skills. These included advanced crime profiling, antipoaching tactics, fraud and corruption investigation, dog handling, identification of drugs and substances, precision flying, air to ground co-operation, advanced driving, statement-taking and interviewing, and foot and tactical surveillance. We reduced the risk of crime, especially that of stock theft, as we detected and retrieved numerous reported missing animals and returned them to their owners. These included recovering 91 missing cattle, 26 goats and 35 sheep.

We had many successes combatting the trafficking and use of drugs in the area, in particular by conducting early arrests and confiscating a total of almost 290kg of cannabis before this could reach the streets. During 2010, 170 arrests were made for dealing, possession or use of cannabis. The widespread availability and abuse of liquor and narcotics remains a major challenge to community safety, therefore early arrests are particularly important.

We achieved numerous arrests of individuals suspected of violence, theft, rape and assault. An average of 30 arrests was made per month. In the face of the ongoing challenge of a lack of respect and discipline in households, capturing suspects is an important contribution to making the Bafokeng area a safer place for our residents. During the FIFA World Cup events, we complemented the protection provided by the SAPS by providing outer perimeter security visibility.

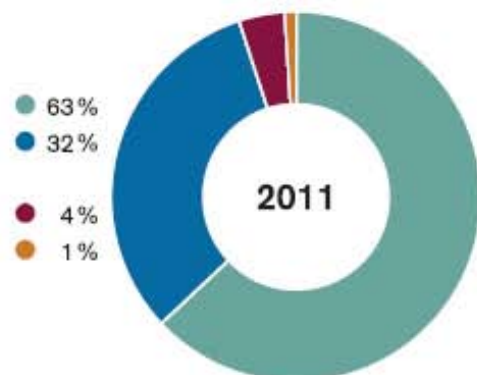




#### Expenditure on safety and security:

R52.8 million

2010		2011
50%	Staff costs	63%
23%	Guarding services	32%
12%	Streetlights	
11%	Operating costs	4%
4%	Security vehicles and equipment	1%



#### Budget for safety and security:

R46.6 million

#### Looking Ahead

During 2011, budget constraints will make it difficult to expand our Reaction Force and Rapid Response Team so we will concentrate on retraining and cross-training our members to assist in a wider range of specialised roles. In the long term, we would like to expand our security forces significantly, because while the South African national ratio of police officers to the general population was 1:319 (in 2008), our Bafokeng force ratio is at present only approximately 1:3 450.

We have moved offices to the old Lebone site, where we will be setting up programmes to protect Kgosi, RBN assets, and to support the ongoing collection of information and assessment of risk. To increase our crime-solving capacity, a second detective will be added to the Reaction Force in 2011.





## PUBLIC UTILITIES

We aim to develop high-quality, effective public utility infrastructure and services to serve our Bafokeng community and promote its self-sufficiency. In the process, we will foster the development of local businesses.

Our expenditure on public utilities in 2010 was almost R137.6 million. The biggest item was roads (just over R53 million), followed by buildings maintenance (R37.2 million), which included the renovation of clinics and classrooms followed by water reticulation (approximately R29 million).

The budget for 2011 is R126 million. Having completed various renovations in 2010, the proportion allocated to maintenance of buildings is reduced to R13.7 million. However, more has been allocated to electrical (R8.4 million) and plumbing work (R14.4 million). In the face of a number of challenges in 2010, including staff shortages, we made significant progress towards our utility provision goals. We also employed local SMME companies on our infrastructure projects wherever possible, as this contributes towards our goal of economic self-sufficiency.



## Water and Sanitation

Sufficient water storage is key to maximising Bafokeng control over our water resources. In 2010, at a cost of R16 million, we completed our 15 mega-litre reservoir in Phokeng. This reservoir stores four days' capacity for the entire Bafokeng Nation and as such also represents a step towards disaster prevention – in the event of a break in our supply of clean water, we now have a buffer of four days to solve the problem. We have also continued to build our bulk water pipelines, connecting our supply from Magalies Water to the new reservoir.

The new reservoir guarantees a water supply to Lebone II College through a direct pipeline, in addition to feeding into three smaller reservoirs to serve the community. Built into the new reservoir is sufficient capacity to service a planned water-borne sewerage system. In addition to sanitation services, the system may also generate income for the community in the long-term, as water processed by the sewage plants could be sold to the mines for industrial use. We are currently exploring funding options and seeking partners for this project, which we estimate will have a total budget of R2 billion.







## Roads and Transport

A good road network is crucial if we are to manifest our vision of a thriving, self-sustaining local economy in the Bafokeng region. We are upgrading existing roads and in 2010, despite experiencing an unexpected nationwide shortage of bitumen, we completed the construction of roads in six villages (Motsile, Tlaseng, Lefargatlhe, Kgale, Kanana and Mafika), coming to a total of 20.9km. Our next step will be to install street lights for these new roads. We also completed our Western Bypass, in partnership with the Rustenburg Local Municipality and the North West Department of Public Works, to divert heavy traffic away from Phokeng. The bypass project cost a total of R60 million. We also carry out preventative maintenance on our roads, spending an average of R15 million a year on pothole repairs, crack sealing and resurfacing of our existing roads.



## Waste Management

Our waste management system integrates waste reduction, collection, transport, storage, treatment and disposal or recycling. In 2010, we implemented a flagship waste management programme for all 29 villages, at a cost of R10 million. Three trucks, divided into compartments for recyclable and non-recyclable waste, collect household waste door-to-door throughout the RBN, servicing approximately 20 000 households once a week. The team not only separates the waste as workers collect it, but includes seven litter pickers who clean while walking in front of the trucks. This scheme will be ongoing through 2011 and beyond.

The most important strategic aspect of waste management is to reduce the amount of waste that we produce as a society. To address this, we have



implemented an education campaign targeting all residents in the RBN, raising awareness about the principles of reducing, re-using and recycling. Our waste collection trucks carry PA systems which play educational messages to the communities as the trucks work. We also ran an outreach programme to all villages to obtain their input about waste management issues.

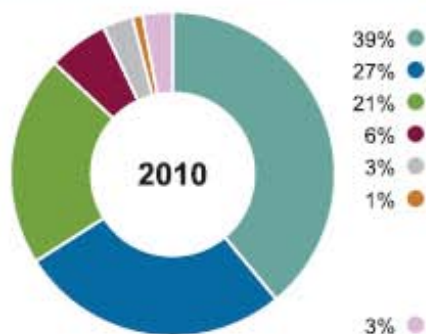
## Electricity

A reliable and efficient supply of electricity is essential for economic growth as well as to provide people with modern facilities. We aim to achieve this in partnership with national power supplier, Eskom. While Eskom provides the power, RBN is installing infrastructure in order to speed up the expansion of service provision in our villages.

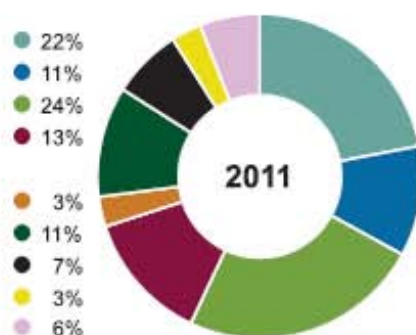
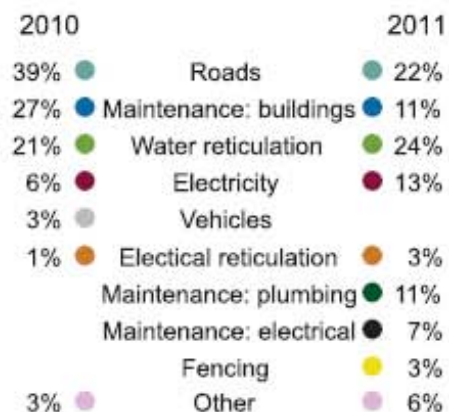
Working with Eskom, we will initially upgrade our existing network and install new facilities to meet the commercial, industrial and residential needs that we anticipate up to 2035.

**Large cables will be buried underground to increase safety and to make residential surroundings more attractive.**





**Expenditure on public utilities programmes:**  
R137.6 million



**Budget for public utilities programmes:**  
R126 million

## Looking Ahead

We are planning ways for water to be recycled for non-portable uses and looking at how to reduce water loss through leaks, evaporation, overflows and illegal off-takes. In future, we will be expanding and upgrading existing water infrastructure to ensure a reliable and safe supply. Our plan for building new roads first, targets public utilities, ensuring that schools, clinics, graveyards, post offices and other facilities are easily accessible.

We consult with village communities and councillors and respond to the needs they identify through Dumela Phokeng meetings. We create three-year plans prioritising these needs and spreading our capacity among the five Bafokeng regions.

Lower priority and minor residential roads will be built at a later stage. In 2011, our maintenance and renovation efforts will concentrate on the new technical and vocational adult education colleges in addition to creating sports fields for our schools. With respect to waste management, we will be distributing a calendar which highlights on which days waste is collected, how to separate waste and which items are recyclable. More importantly, we will be targeting schools by distributing a booklet so that waste management can be incorporated into the life orientation syllabus. In addition, we plan to buy two skip trucks and distribute 25 skips throughout the RBN to reduce illegal dumping at known hot spots. Regarding energy, we are exploring renewable sources for the future, including ways of reducing electricity consumption such as solar water heating.

To address a lack of suitable housing in the RBN, and to modernise residential areas in line with Plan '35, the focus of our public utilities expenditure will eventually shift towards creating a variety of new housing types and expanding existing villages into organised, planned villages.



## ENVIRONMENT & LAND-USE

The Royal Bafokeng Department of Land Affairs was formed in 2010, bringing together four units: Environment, Land Use, Property Management, and a Mining Unit which focuses on environmental impacts. The department, which had 11 staff in March 2011, aims to maintain and improve the environmental health of the RBN for the long-term benefit of the ecosystem and also for the health of our people. In addition to addressing issues of pollution, air and water quality, and land degradation, the department monitors land use and oversees the management of RBN properties. In 2010, expenditure on the environment and land use focus area was R14.3 million. We are dedicating R44.5 million (6%) of RBN's total budget to environment and land use in 2011. In the Bafokeng region, environmental issues involve the degradation caused by mining and various kinds of illegal land use, including sand digging for building, and the cutting down of trees.

### Addressing the Environmental Impact of the Mines

Every mining operation on Bafokeng land must submit an Environmental Management Plan to the Department of Natural Resources. The Land Affairs department has a responsibility to check whether this plan is being implemented. Good environmental practice involves rehabilitating damaged land, a process monitored by Land Affairs in conjunction with environmental consultants. Land Affairs is also involved in the rehabilitation of polluted dams and rivers (which suffer from mining, industrial and sewage pollution), and the maintenance of fire-breaks. The department is working with the farmer's union to manage the impact of animal grazing by installing fencing and monitoring agricultural land use.



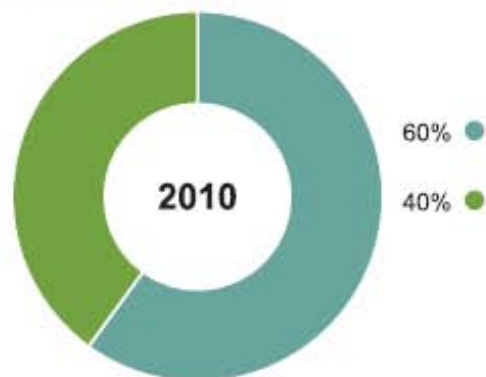
During 2010, we continued to engage with mining companies operating in the region, meeting quarterly with every company to consider and address the concerns of surrounding communities. In the Chaneng area, we have created a mine-community forum, in which issues of employment and environmental health can be discussed openly between employees, community members, dikgosana (headmen), members of the Royal Bafokeng Administration, and representatives of mining operations. We aim to create similar forums in other Bafokeng communities that lie adjacent to mining operations.



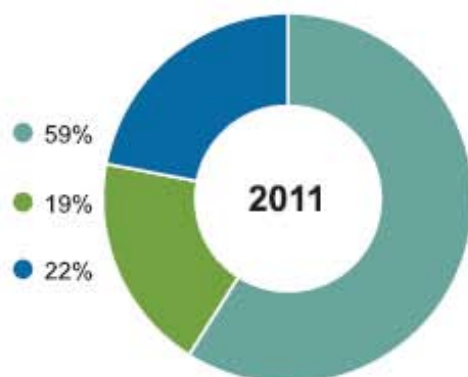
Monitoring land use and illegal activities to police land use, the Land Affairs department runs patrols through the Bafokeng region using helicopters and vans, and conducts citizen's arrests when transgressors are identified, handing them to the police. The department also combats illegal fishing and illegal hunting (usually of wild antelope), water pollution and unlawful dumping in this way. After a citizen's arrest, the department can lay charges with the Bafokeng magistrate's court.







**Expenditure on environment and land use:**  
R14.3 million

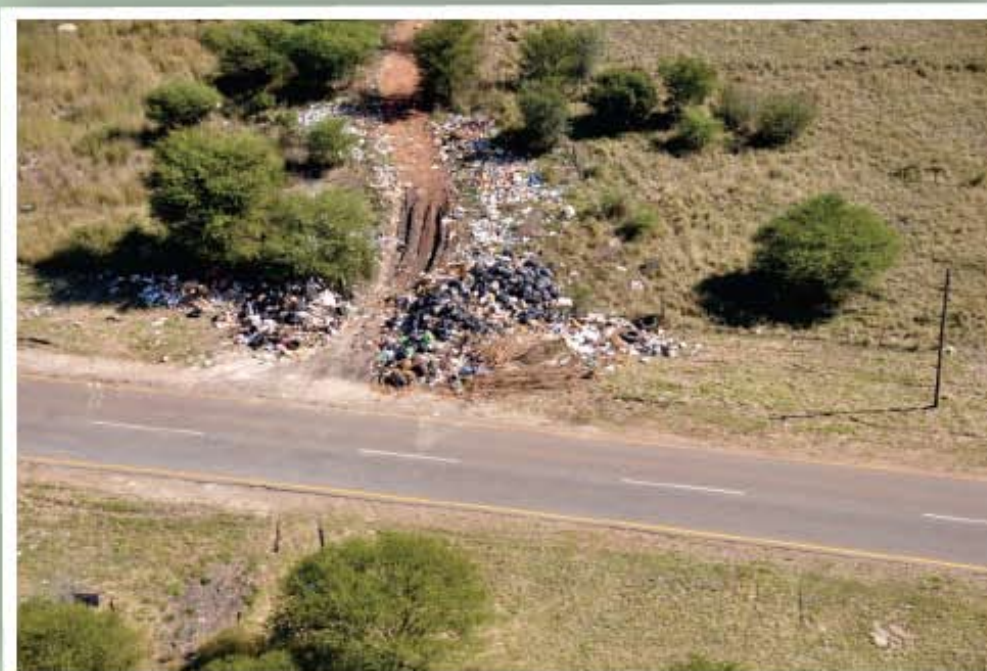


**Budget for environment and land use:**  
R44.5 million

During 2010, our activities concentrated on combating illegal sand digging and tree cutting, and addressing issues surrounding illegal squatters. In response to requests from the community, we also stopped illegal off-road car racing on Bafokeng land, which was causing soil to erode and pregnant cows to become stressed and lose their calves.

### Looking Ahead

In future, we intend to introduce more programmes to implement environmentally-friendly methods of heating, lighting and cooking, rainwater harvesting, waste recycling and nature conservation. We will be appointing two environmental inspectors to monitor the RBN's environmental practices and develop more sustainable solutions.





The 2010 FIFA World Cup was a global event, and the Royal Bafokeng Nation was proud of the role it played in hosting matches at our Royal Bafokeng Sports Palace. The excitement of the World Cup may be over, but sport continues to play a vital role in developing our nation, by keeping us healthy, developing our teamwork and sense of fairness, and bringing us together in common aspiration and shared inspiration. We have an ambitious agenda of sport and recreation development, particularly in schools, which will touch the lives of all Bafokeng.

Royal Bafokeng Sports (RBS) is mandated to develop and oversee all organised sports programmes in the Bafokeng region. Its focus for the past four years has been on five sporting codes, namely football, rugby, athletics, netball and martial arts (primarily karate). In May we introduced basketball as the sixth sporting code, partnering with the National Basketball Association of America (NBA). Our mass participation programmes aim to improve accessibility to sporting programmes and to get people to be physically active, whereas our intermediate programmes focus more

on developing talented individuals. RBS, based at the Bafokeng Sports Campus, opened its academy at the beginning of 2011. While currently focusing primarily on football, the academy will in time bring together talented children in all six sporting codes.

Our elite programmes operate at the professional level – Platinum Stars (soccer), Platinum Leopards (rugby) and Platinum Athletics. In 2010, the RBN's total expenditure on sports was over R103 million, of which R36.5 million was spent on the Platinum Stars premiership soccer team. A sum of R8.5 million was spent on the Royal Bafokeng Sports Palace (which houses the Royal Bafokeng Stadium). R10.8 million was spent on completing the Bafokeng Sports Campus (which incorporates the Royal Marang Hotel, High Performance Centre, Clubhouse, Youth Academy and training facility). In 2011, the sports budget is R70.3 million, and places more emphasis on developing sports fields in villages, with a budget of R4.86 million compared to R1.17 million in 2010.





## Developing Sports for the Bafokeng People

Sports development in our region and of our young people continues alongside our achievements in the professional realm. While we offered after-school sporting programmes in the villages in 2010 to both adults and children, our focus has shifted substantially to offering after-school programmes in the schools, in line with the call from national government to “get sport back into schools”. To this end, we have dedicated a sports co-ordinator to each of the 44 Bafokeng schools, whose focus is to oversee all sporting activity in that school. RBS consolidated the physical education programme it started in 2010 in the RBN schools, now reaching approximately 21 500 children.

This is a significant step towards our 2015 goal of involving 25 000 school-going children in sport and physical activity. We have introduced basketball as our sixth sporting code in 2011. We are working with the National Basketball Association of America to introduce basketball programmes, including the building of basketball courts in our middle and high schools.

Our intermediate programmes continue to focus on the most talented individuals. In addition, our Bafokeng representative sides compete wherever possible to improve levels of experience and competition both at a local and provincial level. The Royal Bafokeng Sports Academy, based at the BSC, is a residence for children talented in sport, concentrating on grooming them towards the professional level of their particular sporting code. At present, 22 children are training in under thirteen soccer and four young athletes aged between 12 and 18 years stay on site, receiving special training after school and in the evenings. Through our intermediate programme the Bafokeng under-13 soccer team was able to travel to Norway in 2010 to play in the Norway youth soccer tournament. We aim to develop the academy into a larger facility that will train the most talented children from the wider region and beyond.

## Bringing sports facilities to the villages

One of our biggest ongoing challenges is to introduce sporting facilities throughout the Bafokeng region and also to improve on existing facilities—primarily at schools—that are in very poor condition. In early 2010, upgrades to the sports grounds at Tsitsing were completed. The grounds comprise three netball courts, two grass sports fields, and a cross-country track, among other facilities.

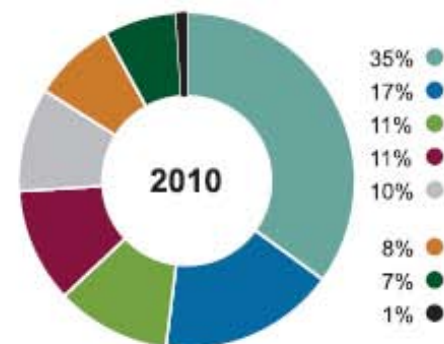
At Kanana village, one sports field was created in 2010, and another is planned, along with netball courts and an ablution block. These facilities will be up and running in 2011. In future, an artificial five-a-side field will also be created.

Similar facilities are planned for all Bafokeng villages and schools. The Royal Bafokeng Administration has completed surveys of available space, and our first priority is to provide level and safe fields for children to play on and to surface these areas, initially with sand. RBS will then proceed by combining information from the land assessment with community consultations to identify what sports facilities are appropriate.



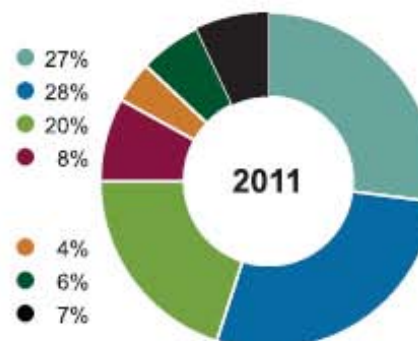
## Looking Ahead

In 2011, our focus has moved away from village sport to initiating and upgrading sporting programmes within the schools on Bafokeng land. We will be developing after-school sporting programmes, as well as inter-school competitions. Talented players will then be able to represent the Bafokeng at the provincial, national or international level for their age-group. The most talented will receive specialist training at the Royal Bafokeng Sports Academy.



**Expenditure on sports programmes:**  
R103.5 million

2010		2011
35%	Platinum Stars	27%
17%	Staff costs	28%
11%	Operating costs	20%
11%	Sports Development	8%
10%	Sports Campus construction	
8%	Sports Palace	4%
7%	Platinum Leopards	6%
1%	Sports fields in villages	7%



**Budget for sports programmes:**  
R70.3 million



## HISTORY AND HERITAGE

We prefer to modernise in a way that does not leave our traditions behind, but rather carries them forward as an integral part of our vision of the future. The Bafokeng History and Heritage programme thus has two aims: to enhance our own knowledge of Bafokeng heritage and culture, and to share our story with the rest of the world. Over 2009 and 2010 we spent a total of almost R3.1 million on producing a film and publishing two books on the Bafokeng people, which were all completed during 2010.

The 2011 budget of R850 000 will be dedicated to the development of the archive project. The documentary: *Playing the Game the Bafokeng Way*, was shown on local buses throughout the 2010 World Cup period, and aired on SABC during Heritage Month. It was also broadcast in about six African countries, and is viewable on youtube.com and the Bafokeng website. We published a popular history of the Bafokeng entitled *Mining the Future* in both English and Setswana, which is being incorporated into the Grade 9 curriculum at Bafokeng schools.

The authoritative and more scholarly volume, *People of the Dew*, which explores Bafokeng history in more depth, was completed in 2010 and published in January 2011. We also trained 12 volunteers as Bafokeng heritage tour guides. During the World Cup, we spent R450 000 installing a display called the Avenue of Segosing, which depicted the seven most recent Bafokeng dikgosi along the road that leads to the Royal compound. These were taken down after the World Cup, and remounted in March 2011 at Lebone II College, in celebration of the school's inauguration.



**Expenditure on heritage programme:**  
R11.4 million



**Budget for heritage programme:**  
R850 000



## Looking Ahead

The major goal for 2011 is to develop a physical and digital archive of Bafokeng history, to store and display the results of the past few years of research, and to house a comprehensive collection of publications on Bafokeng history. This material will be available to the Bafokeng people as well as to external researchers and universities. Related to this, we have begun an oral history project, filming and transcribing interviews with eight prominent Bafokeng elders. We hope to expand this project, and extend it into Bafokeng schools in the future. We plan to develop a heritage trail through the Bafokeng region to entice overseas tourists to visit the area. We also intend to conduct an archaeological survey of the Bafokeng Nation to identify and protect significant heritage sites. Our longer-term plans include building a Bafokeng Museum and Cultural Centre, with an estimated cost of about R30 million. This Centre will showcase Bafokeng history, arts and culture, and will incorporate galleries and exhibition spaces. There will also be a convention centre and an amphitheatre.





## THE FUTURE

The Royal Bafokeng is both traditional and modern. We are a community with pressing local needs while also a major South African corporation seeking to balance its investments to weather global financial storms. We are as passionate about preserving the past as we are about strategising for the future.

What comes through clearly in our story is a key legacy of our forebears: their skill in creating and implementing effective plans for the future. Change, of course, is Inevitable, but few people welcome this fact and build it into their world view and their culture. As Bafokeng, we acknowledge change and see adaptability as part of who we are and how we reached the present day. With our community land ownership and mining royalties, we are fortunate beneficiaries of the powerful vision and planning of our past leaders. As we hope this report has shown, we are using our privilege to good effect, investing in our education, healthcare, skills development and infrastructure to build the foundations of an economically self-reliant future.

How do we plan effectively when climate change, macroeconomic indicators, and the Information revolution create a constantly changing playing field? We must remain vigilant towards what's happening around the world, and use our understanding to develop strategies and plans that get us from where we are to where we want to be. This is not a simple task, but we are building the tools to make it happen. One of those tools is collaboration. Sharing knowledge and skills through partnerships is central to how we operate. We invested heavily in preparation for the 2010 World Cup, and in the process we proved to ourselves that we can do almost anything we set our minds to – a core objective of our Vision and our Plan '35.

Re a leboga  
Thank you







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# FINANCIALS

■ ■ ■ 2010



## 1. GOVERNANCE AND LEGAL FRAMEWORK

Royal Bafokeng Nation ("RBN") is a universitas personarum and a Traditional Community in terms of the Traditional Leadership and Governance Framework Act, 2003 and it is administered by the Royal Bafokeng Administration, which is its unregistered functionary. The RBN Supreme Council ("Supreme Council") is responsible for the preparation, integrity and fair presentation of the Annual Financial Statements ("AFS") of the RBN and its subsidiaries (subsidiaries include direct and indirect ones). A significant direct subsidiary of the RBN is the Royal Bafokeng Nation Development Trust ("the Trust") which holds the shares of Royal Bafokeng Holdings (Pty) Ltd ("RBH") and cash reserves donated to it by the RBN through a Kgotha-Kgothe resolution of November of 2006. The RBH, Royal Bafokeng Sports (Pty) Ltd ("RBS"), Royal Bafokeng Enterprise Development (Pty) Ltd ("RBED") are therefore some of the significant indirect subsidiaries of the RBN.

From an accounting and reporting point of view the financial statements of the RBN include the results of the Trust, RBH, Royal Bafokeng Institute Ltd, Lebone II College of the RBN, Royal Bafokeng Sports (Pty) Ltd, Royal Bafokeng Enterprise Development Ltd and all departments within the RBA. This responsibility of preparing a consolidated set of the AFS has however been delegated to the executive management of various RBN entities as mentioned above, leaving the Supreme Council with the responsibility of approving them. The Supreme Council also concerns itself with ensuring that the principles of integrity and fair presentation are upheld during the preparation of the AFS hence an interim risk and audit committee ("the Committee") comprising of members of the Council of Dikgosana and Traditional Council was constituted during the 2011 financial year. The role of the Committee includes amongst other things approving the terms of engagement of the external auditors and monitoring their independence, objectivity and effectiveness. It also includes monitoring and reviewing the effectiveness of RBN's internal audit function.

The role and responsibility of the external auditors is therefore to express an opinion on the fair presentation of the AFS based on their audit. In this regard the audit of the RBN and its subsidiaries for the year ended 31 December 2010 has been concluded with Supreme Council approving the financial statements on 4 August 2011. It is worth mentioning that the RBN and its subsidiaries received its sixth unqualified (clean) audit opinion since the 2005 financial year.

## 2. SUMMARY OF CONSOLIDATED FINANCIAL POSITION AND PERFORMANCE

### 2.1. Consolidated assets

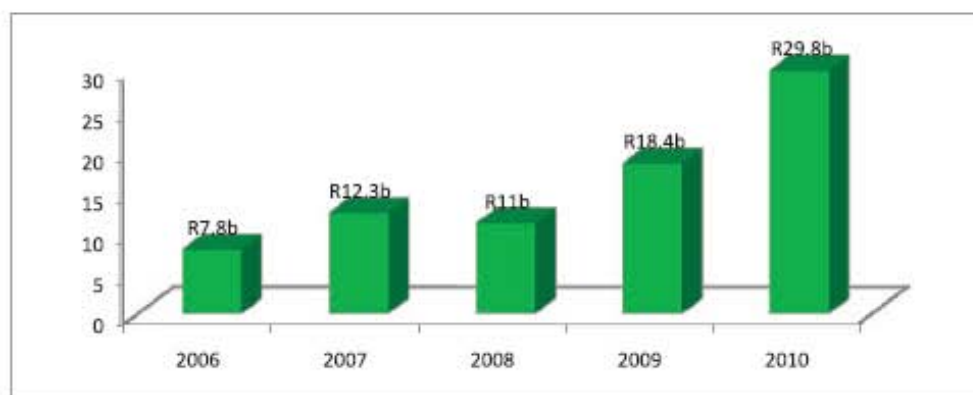
Gross assets increased by 46% from R34.2 billion to R50.1 billion from the 31 December 2009 to the same period in 2010. This is after accounting for investments made during the 2010 year through RBH particularly the listing of Royal Bafokeng Platinum Ltd which is the majority owner and operator of the BRPM joint venture. Driven by the strategic importance of a diversified asset portfolio the RBN increased its stake in Zurich Insurance Company of South Africa from 10% to 25.1%, acquired a 10% stake in Atterbury Investment Holdings, a 31.67% share in the Eris Property Fund and a 5% share in Rand Merchant Bank Holdings. RBH's stronger balance sheet which resulted from the capitalisation of shareholder loans by the Trust serves as an advantage as it continues to enable the growth and diversification of the asset portfolio through external funding. This in turn frees some cash flows to be utilised for social and community requirements like infrastructure development and maintenance. The stabilisation of the global financial markets which started in 2009 continued into 2010 albeit at a somewhat slow pace. This is evidenced by amongst other things a recovery of some 15% in market values of Implats the RBN's single largest investment. Please see the chart below for a comparative analysis of the gross assets:



It is clear from this chart that 2007 was a turning point in far as asset growth in concerned. This was largely as a result of the Implats deal wherein RBN's future royalty stream was converted to equity. This increased the RBN interest in Implats from 1.5% to about 13%. On the 8<sup>th</sup> of April 2010, the Trust accepted the cash reserves donated to it by the RBN. This was followed by the conclusion of a donation agreement effective 1 November 2010 wherein the cash reserves amounting to R3.29 billion were transferred into the Trust bank account.

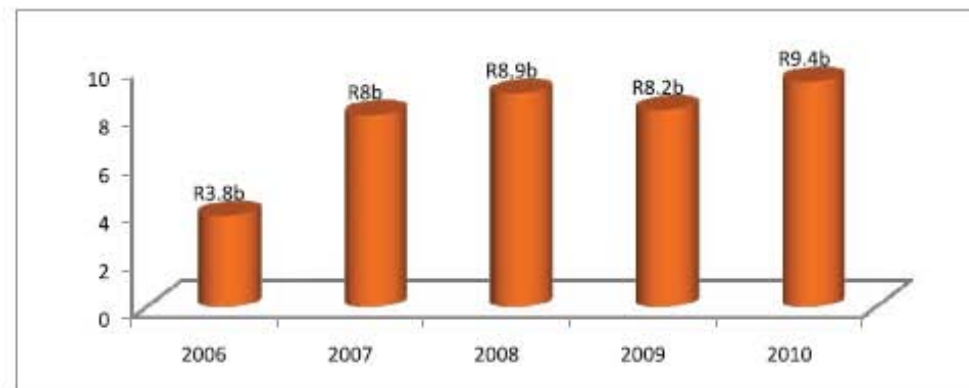
2.2 Consolidated reserves (Net Asset Value)

The total reserves increased by 62% from the 2009 to 2010 financial in line with the increase in gross assets. A dip in reserves was also realised during the 2008 financial year as a result of the global financial crises followed by some recovery in 2009 as shown in the chart below:



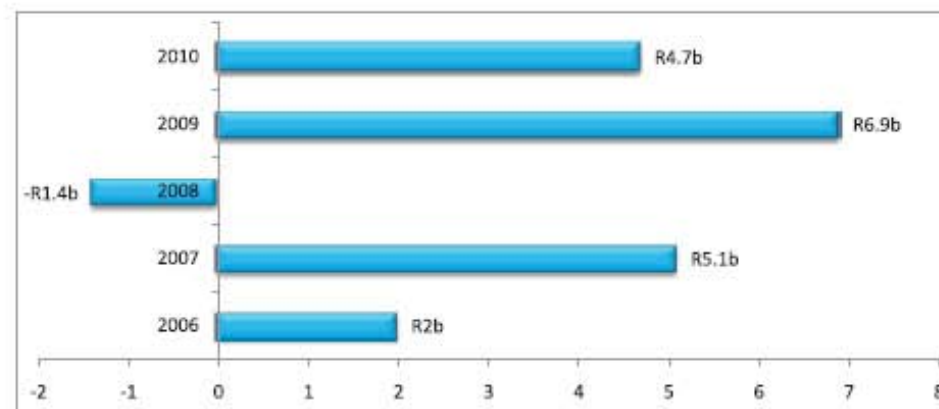
### 2.3 Consolidated revenue

Revenue includes all the gross income arising in the course of ordinary activities of the RBN and its subsidiaries, e.g. income from mining activities, renting of properties, etc. In implementing its growth and diversification strategy the RBN has through RBH acquired controlling stakes in significant and meaningful companies. This led to a 147% increase in the consolidated revenue from 31 December 2006 to the same period in 2010. This represents a very good performance as shown in the chart below:



### 2.4 Consolidated profit

Consolidated profit decreased by about 32% from 31 December 2009 to the same period in 2010. Equity markets started on a very low note with recovery from mid-year of 2009. The equity market recovery resulted in the Group's portfolio reversing some of the losses recorded in 2008 reporting period, in particular an impairment loss of over -R5 billion was recorded in the 2008 financial year resulting in an operating loss of about -R1.4 billion during the same year. Please see chart below for a profitability comparative trend:



### 2.5 Gearing

The gearing (debt to equity ratio) of the group decreased from 9% at 31 December 2009 to 6% in 2010. This mainly resulted from a 62% increase in group reserves during the same period.



### 3. BASIS FOR PREPARATION AND GOING CONCERN

The consolidated AFS of RBN and its subsidiaries have been prepared in accordance with International Financial Reporting Standards ("IFRS") and the going-concern basis has been adopted in preparing them. The Supreme Council has no reason to believe that the group or any entity within the group will not be going concerns in the foreseeable future, based on forecasts and available cash resources. These AFS support the viability of the RBN group.

### 4. REFERENCE

For extracts of the audited Statement of Financial Position (Balance sheet) and Financial Performance (Income statement), please see ANNEXURE A and ANNEXURE B respectively to this report as attached.

## ANNEXURE A

#### ROYAL BAFOKENG NATION (ADMINISTRATION) and its subsidiaries

The extracts from the 31 December 2010 audited financial statements do not represent a complete set of financial statements. This financial information should be read in conjunction with the complete set of 31 December 2010 Royal Bafokeng Nation (Administration) ("RBN(A)") audited financial statements, which is available for inspection at the RBN(A) (Office address: Bafokeng Civic Centre, 1 Direpotsane road, Phokeng, Rustenburg).

#### CONSOLIDATED AND SEPARATE STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2010

	Group		Administration	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
<b>ASSETS</b>				
Non-current assets				
Property, plant and equipment	37 592 194	24 308 008	2 029 831	1 817 710
Intangible assets	10 440 702	4 928 491	1 967 490	1 747 702
Investment in subsidiaries	7 751 772	1 360 556	-	-
Held to maturity investments	-	12 460	8 521	7 628
Available-for-sale investments	331 339	270 513	53 820	49 920
Equity accounted investments	10 830 817	17 500 392	-	-
Environmental trust deposit	87 498	42 064	-	-
Trade and other receivables	26 500	37 456	-	-
Finance Lease asset	4 093	-	-	-
Deferred income tax assets	119 473	156 076	-	-

	Group		Administration	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
<b>Current assets</b>	<b>12 443 734</b>	<b>9 974 100</b>	<b>208 862</b>	<b>4 891 130</b>
Financial asset at fair value through profit and loss	4 166 246	2 626 435	-	-
Derivatives	750	932	-	-
Available for sale assets	94 796	10 287	-	-
Trade and other receivables	2 136 108	1 591 420	62 853	326 493
Inventories	701 893	473 360	-	-
Prepaid tax	11 792	16 693	-	-
Finance lease asset	1 725	-	-	-
Cash guarantees provided	147 495	-	-	-
Cash and cash equivalents	2 321 277	4 110 458	119 304	3 420 547
Held-to-maturity investments	2 831 227	1 144 090	-	1 144 090
Vat receivable	26 705	-	26 705	-
Assets held for sale	3 720	425	-	-
<b>Total assets</b>	<b>50 035 928</b>	<b>34 282 108</b>	<b>2 238 694</b>	<b>6 708 840</b>

<b>EQUITY AND LIABILITIES</b>				
Equity	29 722 034	18 656 010	(8 906 561)	(4 926 186)
Retained earnings	21 025 727	16 641 670	(8 960 983)	(4 976 708)
Non-distributable reserve	-	1 262 913	-	-
Revaluation reserve	-	-	-	-
Foreign currency translation reserve	(10 554)	(7 258)	-	-
Other reserves	(4 942)	5 997	-	-
Available-for-sale reserve	509 739	526 180	54 422	50 522
Non controlling interest	8 202 066	226 508	-	-
<b>Non-current liabilities</b>	<b>17 322 417</b>	<b>13 544 875</b>	<b>10 670 648</b>	<b>11 073 314</b>
Deferred income tax liabilities	5 321 052	1 309 284	-	-
Deferred income	10 670 648	11 073 314	10 670 648	11 073 314
Provisions	80 573	62 961	-	-
Borrowings	1 250 144	1 099 316	-	-

<b>Current liabilities</b>	<b>2 991 477</b>	<b>2 081 223</b>	<b>474 608</b>	<b>561 712</b>
Provisions	13 175	5 826	-	-
Shareholders loans	14 137	-	-	-
Current income tax liabilities	62 282	9 125	-	-
Bank overdraft	341 909	395 086	-	-
Derivative liability	473 336	27 934	-	-
Borrowings	231 373	250 254	-	-
Trade and other payables	1 452 599	990 332	71 942	159 046
Deferred income – short term	402 666	402 666	402 666	402 666
<b>Total liabilities</b>	<b>20 313 894</b>	<b>15 626 098</b>	<b>11 145 256</b>	<b>11 635 026</b>
<b>Total reserves and liabilities</b>	<b>50 035 928</b>	<b>34 282 108</b>	<b>2 238 694</b>	<b>6 708 840</b>

\* Less than 1 000

## ANNEXURE B

ROYAL BAFOKENG NATION (ADMINISTRATION) and its subsidiaries

CONSOLIDATED AND SEPARATE STATEMENT OF FINANCIAL PERFORMANCE  
for the year ended 31 December 2010

	2010 R'000	Group	2009 R'000	2010 R'000	Administration	2009 R'000
Revenue	9 374 133		8 200 891	636 677		547 063
Cost of sales and services rendered	(7 201 186)		(6 336 703)	-		-
Gross profit/(loss)	2 172 947		1 864 188	636 677		547 053
Administration expense	(1 674 568)		-	-		-
Distribution expense	(56 594)		(102 551)	-		-
Impairment loss reversal	(38 102)		420 735	-		-
Other income	372 668		147 107	200 257		5 036
Other operating expenses	(847 574)		(1 510 154)	(682 711)		(720 272)
Other losses/gains - net	4 608 712		1 807 884	-		-
Operating profit/(loss)	4 537 489		2 627 209	154 223		(168 173)
Net finance costs	(53 834)		210 588	62 677		2 286 931
Impairment (loss)/reversal on investment	132 394		5 130 590	-		-
Loss from discounted operations	(1 223)		-	-		-
Share of profit of associates	566 105		(76 459)	-		-
Profit/(loss) before income tax	5 180 931		7 982 288	216 900		2 118 758
Income tax expense	(458 301)		(992 315)	-		-
<b>Profit/(loss) for the year</b>	<b>4 722 630</b>		<b>6 899 973</b>	<b>216 900</b>		<b>2 118 758</b>
Attributable to:						
Equity holders of the company	3 604 687		6 718 449	216 900		2 118 758
Non-controlling interest	1 117 943		181 524	-		-
<b>Profit/(loss) for the year</b>	<b>4 722 630</b>		<b>6 899 973</b>	<b>216 900</b>		<b>2 118 758</b>









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