



# FRIENDS OF THE RAIL, NPC

Preserving South African Railway Heritage

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Non-profit company - Established 1986

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## Circular to members

Dear Friends of the Rail member,

### New developments at FOTR

Your board of directors wishes to inform you of some important developments taking place within your Association. These developments relate to the re-financing and rejuvenation of the Association's operations.

### Financial issues

Many of you will be aware that our Treasurer, Zane de Lange, pointed out at the recently-held AGM that our finances had become seriously depleted during 2017 and that although technically still solvent, following an extended series of enforced "zero-profit" trains and other unavoidable expenses, we had become almost totally dependent upon the goodwill of two of our major creditors who were essentially providing us with "vendor finance".

This situation arose due to major and extraordinary expenses that were incurred:

- a) For the re-railing and recovery of the privately-owned locomotive number 3052 after its derailment on 21 March 2017 due to the theft of track. And,
- b) Out of the necessity of hiring buses to transport passengers between Rayton and Cullinan. This was because, despite our sustained efforts to obtain a solution, the branch line to FOTR's prime destination of Cullinan remained unrepaired and closed for nearly 11 months following the track theft. During this period we forced to terminate our trains at Rayton and provide buses for the remainder of the journey. For marketing reasons, were unable to increase fares to recover this extra expense from passengers.

Given those and other expenses, including the losses due to low passenger numbers carried on the first two trains of this year, the continued financial existence of your Association was becoming

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### The Friends of the Rail Association, NPC

Registration No. 1995/009790/08

Directors: SG Appleton\* (secretary), NH Berelowitz (chairman), Z de Lange (treasurer),  
CE Janisch, MJ Lukhozi\*\*, LEC Msingapantsi\*\*, SJ Smith

(\*\*= co-opted, \* = British)

increasingly strained. As a result of the Cullinan line's extended closure, our core marketplace had lost confidence in our ability to reach our advertised destination by train. That we believe was coupled to the general decline in the growth and confidence in SA's economy and a consequent a reduction in the discretionary entertainment expenditure within our core marketplace compounding the reduction in passenger numbers and resistance to fare increases.

Meantime our costs, for example, the price of coal continued to increase. Matters came to a head on 12 March 2018 when we were faced with a demand from Transnet for the almost immediate payment of deferred rental for our Hermanstad depot, failing which we would be required to close up and vacate. Assuming that we could possibly have fulfilled that demand, in doing so there was a real risk that we would have triggered similar demands from our other creditors which, in turn, would have caused insolvency.

### **Rejuvenation of FOTR**

Upon becoming aware of our plight, a generous helping hand was extended by two of our newest members, André van der Merwe and Ben Minnaar, who indicated that they were prepared to form a new company that would take responsibility for the payment of FOTR's outstanding debts, thus removing the imminent threat of closure. They both considered the contribution made by FOTR to the tourism and heritage scene too important to allow it to fail. Please join us in sincerely and unreservedly thanking them both.

We have therefore entered into a relationship with the newly-formed company called "Wonder Steam Trains" (WST), founded by André and Ben that will take over and manage FOTR's finances. WST plans to source additional capital to enable the continued operation of our trains and to make much needed improvements to our facilities and services. As part of this arrangement, we will be transferring our lease and loan agreements to that company. In short, with the removal of our debt burden, your board sees this development as very positive; the start of new era for us and one in which we believe your Association will be enabled to prosper and grow instead of limping along.

In this new relationship, we fully intend that our members and volunteers will continue to enjoy their "hobby". They will still be fully involved in restoring, preserving and running our railway heritage. We will still market and operate our well-known steam trains and will continue to provide opportunities for our stock to be serviced and crewed by our loyal members and volunteers, all still for the recreational and educational benefit of our fellow South Africans and our international visitors.

Following the repair of the Cullinan line eventually carried out by TFR and coordinated by board member Les Labuschagne in February this year (twice in fact because another section of the line was stolen just two weeks after the first repair), we are now to be able to (hopefully) reliably access the destination that is vital to the generation of our revenue. Sadly though, additional costs will now be incurred in providing on-going security for that line to prevent further thefts.

### **A special thank you to our members, past and present**

We have enjoyed a special relationship with a number of people (our stalwarts) who were instrumental in the Association's founding against all odds some 32 years ago. They are highly skilled in an old craft and still play an important role in our on-going operations. We recognize and thank them. We are massively grateful for their contributions. We will ensure that they will continue to enjoy a place in the new era. Indeed, with many of the financial burdens lifted, their efforts should become somewhat easier.

At this juncture, we would like to take time out to remember and acknowledge the willing and selfless services to FOTR of those members and volunteers who have passed on. We also remember and acknowledge the efforts of the many members and volunteers who for a variety of reasons are no longer able to take an active part in our activities.

In any organisation it is essential that new blood continuously replaces the old. We therefore welcome those new members and volunteers who have joined FOTR and wish them all a long and happy association with us. We hope that you all achieve your goals both within FOTR and in your life at large.

It is essential in today's South Africa to train and transfer skills and knowledge to worthy people, contributing to their upliftment and facilitating their entry into the economy. With the benefit of resources provided by this new relationship, it is intended that FOTR will be better enabled to play its part in the transformation of our peoples and our economy.

Needless to say, there will inevitably be some changes in the way your Association is run and in its reporting structures. This will be necessary to make us more disciplined and business-focused; something that, given the recent operational and financial struggles, has been overlooked in our management style. We know that change creates uncertainty but, in this instance, we believe we can minimize much of that and thus, with your help, this is manageable. As a board, we also strongly believe that change is necessary and definitely for the better. Your board looks forward in a very positive way to a new future for your Association and is sure that it will become a model for other heritage operators to follow; one to be proud of; one that you as volunteers and members can truly say "I helped to build".

### **Wonder Steam Trains**

"Wonder Steam Trains" (WST) has its roots in its founders' (Ben and André) passions for the preservation of historical and heritage equipment related to transportation and the military. They are in the throes of establishing a new military museum on a site near Wonderboom just north of Pretoria ("Wonderboom Military Museum" - WMM). This museum will include various activities and attractions such as displays of historic aircraft, historic military vehicles and historic railway vehicles. As such, their support for FOTR in its role as a living heritage railway museum is a natural fit. Indeed, this new

museum and its activities have the makings of becoming a great new destination for us, adding to our diversity of offerings.

To avoid any conflict of interest between their roles within FOTR and WST, Les Labuschagne who has served on the board for the last few years and who has been a huge factor in resolving some of our recent problems, Ben Minnaar and André van der Merwe who were elected to the board at the recent AGM have resigned their positions on the board of FOTR. They are now directors of WST. All three however remain ordinary members of the Association. We sincerely thank them for their help and generosity and wish both them and WST well.

We understand that two of our newer members, Mondli Lukhozi and Chuma Msingapantsi, who were recently co-opted onto our board will be invited to join WST as directors to strengthen its board and implement transformation in our industry.

Besides his involvement at the WMM, Les Labuschagne has been appointed as a full-time manager at WST. He plans to be spending more time on-site at Hermanstad ensuring that FOTR's operations and its relationships with WST proceed smoothly.

### **Board vacancies**

Because the Association's Constitution requires that its board consists of at least seven full members, vacancies have been created. To rectify the shortfall in the board and to provide a forum for details of this new relationship to be presented by WST to our members, it will be necessary to call a Special General Meeting (SGM) of the members of the Association. Members will be given an opportunity to explore this relationship and receive explanations. Details relating to this SGM will be circulated soon.

Finally we take this opportunity to remind members who wish to speak or vote at this SGM, and who have not already done so, to immediately re-affirm their continuing membership of the Association by completing and returning the membership form that was recently emailed to them. It is important that we validate our membership records.

With best regards,



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