

## HERITAGE RAILWAY ASSOCIATION OF SOUTHERN AFRICA

A Non-Profit Company – Registration No: 2000/027224/08 Incorporated under New Companies Act 71 of 2008



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## HRASA PORTFOLIO SUB-COMMITTEE REPORTS – AGM 2013

### CORPORATE LIAISON REPORT AS AT 28 OCTOBER 2013

The value of building partnerships and relationships is evident through the achievements and outcomes of this Portfolio. A vital and well-grounded foundation has been laid for future negotiations to enable heritage rail to achieve what was only seen as a “wish list” a few years ago. This has not been any easy task nor did it happen overnight, but is the result of commitment, dedication and self-sacrifice by the Portfolio SC.

#### TRANSNET/TRANSNET FOUNDATION

The following was published in the AGM 2012 Portfolio SC Report circulated to members with the AGM pack in October 2012:

*“In an attempt to prepare for the more likely decision by the Transnet Foundation (TF) to dispose of its heritage assets in the near future, as it does not have the financial resources to house and preserve them in its own right, HRASA circulated to its members a set of criteria as a guide to garner feedback with regard to their “wish list”. We have received responses from only three operator members, which in itself begs the question why?*

*While we await the outcome of the above, it is imperative that HRASA members mobilize their capital in preparation for this disposal. There is a mistaken understanding that HRASA is going to pay for locos and rolling stock. Nothing is further from the truth as HRASA is a facilitator organization and we have no budget to spend on acquiring assets on behalf of members or heritage rail per se.”*

Over the past couple of months numerous follow up meetings have been held, with Brian Murison and Kobus Volschenk in George, which resulted in the Expressions of Interest (EOI) and membership verification of compliance processes being initiated. The HRASA Board was also request by Transnet to participate in and contribute to the Transnet Heritage Policy (THP), which is under review by the Transnet Policy Committee.

#### TFR museum project – the facts

HRASA followed up on the Transnet Freight Rail circular, issued by Mlamuli Buthelezi (COO, TFR) and entitled “*Launch of the Railway Museum and Heritage Preservation Project*”. It was established that this was an internal communiqué to TFR employees, which had been leaked into the public domain, where it was portrayed as an open statement.

According to TFR, the objective of this circular was to encourage its employees to contribute artefacts and memorabilia to be displayed in the new home of the Transnet Library – to be known as the Transnet Knowledge Centre. Although the facility has limited space, it is planned that its ambience will be a testimony to its rail heritage. The Centre will fall under the jurisdiction of TFR.

#### RAILWAY SAFETY REGULATOR

Regular meetings between HRASA and the Railway Safety Regulator (RSR) senior management team has resulted in the new RSR-HRASA Memorandum of Understanding being signed and discussions on the Business Case for the New RSR Permit Fee Model being held prior to stakeholder workshops that were rolled out countrywide during September. These workshops were attended by HRASA Board and various members in the centres where they are located. HRASA will submit its formal proposal covering the heritage rail sector to the RSR after the HRASA AGM 2013.

#### SOUTH AFRICAN HERITAGE RESOURCES AGENCY (SAHRA)

Ongoing liaison between SAHRA and HRASA on various heritage rail matters, such as the EOI's in the ABC and coaching lists, future location of *Blackie* and the relocation to the UK of the NBL Class 1 locomotive for restoration and operation.

#### GENERAL

The Chairperson attended the inaugural 3-day Ports & Maritime Expo and Conference – held in Port Elizabeth from 29 to 31 May – during which meetings were held with Eastern Cape MEC: Economic Development, Tourism and Agriculture, Mcebisi Jonas.

Nerina Skuy / Ian Pretorius / Andreas Matthee  
Corporate Liaison Portfolio SC

### HRASA OPERATIONS REPORT AS AT 28 OCTOBER 2013

Regular trips have been operated by Reefsteamers, Friends of the Rail, Umgeni Steam and Atlantic Rail, with Paton's Country Narrow Gauge Railway having a re-launch special trip with VIPs on board as well as its annual Aloes Festival trains. Reefsteamers and Friends of the Rail have had photo-shoot and Open Depot days.

Board of Directors 2012-13:

## TRANSNET/TRANSNET FOUNDATION

The negotiations with Transnet Foundation have improved considerably. Since the appointment of Brian Murison, several positive meetings have taken place. The disposal of assets to heritage organisations is now in the process.

Clubs are still suffering from having to pay the high Transnet access fees, which the HRASA leadership must prioritise to address as a matter of extreme importance.

## RAILWAY SAFETY REGULATOR:

Meetings were held throughout the country as the RSR wants to base its fees on a new set of criteria. If the structure is going to be based on passengers carried and the kilometres travelled, it will certainly be to the benefit of heritage operators.

The RSR has also introduced a new category of passenger namely 'tourist passenger'. Originally all passengers were classified as 'commuters'. The 'tourist passenger' is what the passengers of the heritage operations fall under.

## HRASA ANNUAL OPERATIONS & SAFETY AUDIT REPORTS

The quarterly report submitted by all HRASA operator members to the RSR will in future be used to produce a quarterly HRASA Operations and Rail Safety audit report. This quarterly report will form the foundation of an Annual HRASA Operations and Safety Report, which will be submitted for inclusion in the annual reports of the Transnet SOC and the Railway Safety Regulator.

## OPERATORS:

Atlantic Rail, Reefsteamers, Friends Of The Rail, Umgeni Steam Railway and Patons have all been operating during the year.

Apple Express is still in negotiations to get the line repaired and start operating again.

The request for information on the activities of the operating clubs has started to bring some results. This gives us a very good idea of the passenger numbers carried by the heritage industry and, of course, the kilometres covered. It is very important that we have this information in order to emphasise the true scale of heritage and preservation rail operations in South Africa as well as the heritage rail sector contribution to the tourism sector.

Estimated figures (for the year 2013) for those who have sent through the information requested:

Operator	No. of trips	Pax	Kilometres
Atlantic Rail	26	4,810	3,328
Paton's Narrow Gauge Railway	48	4,488	2,400
Reefsteamers	29	8,800	4,310
Umgeni Steam Rail	52	10,512	4,400

These figures will become more meaningful once we have a full year of figures. The above has been calculated with averages based on three months of operations.

## Ian Pretorius

Operations Portfolio SC

## FINANCE AND CORPORATE GOVERNANCE REPORT AS AT 28 OCTOBER 2013

### HRASA Treasurers Report for the year-ended 31 March 2013

The financial statements for the year ended 31 March 2013 have been audited and distributed to members.

As had been anticipated, the current financial year saw a major turnaround in the financial affairs of HRASA. The operating loss for the year under review amounted to R38,073 – compared to a surplus of R52,382 in the previous year. A major factor in this was that the "Other Income" category fell to R18,267 – compared with R56,224 for the previous year. This income related to site-clearing in the Port Elizabeth area, which took place mainly during the 2012 financial year and which has been the subject of both queries and unsubstantiated allegations by some members. The queries were dealt with in writing, with a full explanation of the background to the transactions concerned being posted on the HRASA website for the benefit of other members. We trust that the matter is now resolved. This type of income should be seen as a windfall and will not be repeated on any predictable basis in future years.

Subscriptions from members declined by 20.3%, as some fell by the wayside, while an amount of R1,500 has been written off as unpaid.

By far the most significant cost remains that of travel expenses, which have increased noticeably, driven by the escalating price of fuel, air travel and accommodation costs. HRASA cannot afford to incur costs at the current level and expenditure thus needs to be curtailed, although this will be difficult because recent developments at Transnet and Transnet Foundation will require even more travel, by HRASA to attend meetings where the fate of the remaining Transnet owned heritage assets will be negotiated, as HRASA is a major stakeholder. A detailed analysis of these expenses is available from the Treasurer. Considerable restraint will have to be exercised during the remainder of the 2013/2014 financial year, as reserves are now down to R28,793. As a consequence, a substantial increase in subscriptions for 2014/2015 seems inevitable.

I must make mention of the fact that the Directors of HRASA are very much aware of the need for economy. In many instances expenses are born by the individuals concerned, including telephone calls, stationery and related consumables, such as printer ink, and in some cases more costly items, such as vehicle hire.

Board of Directors 2012-13:

A decision was made some time ago to transfer the bank account from Standard Bank to First National Bank, as the latter were offering free internet banking facilities. The move has not gone smoothly due to the bureaucracy involved in setting up the payment authorization protocols and the new FNB account has only just become operational from an internet payment perspective. It now seems that internet fees may be charged by FNB after all, although this is under query. The local banks have recently announced charges to be levied on both cash and cheque deposits, which will become effective in the new financial year and add to our existing banking costs.

The Board is considering what action – if any – to take in terms of recovering these new charges from members. The bank balance appears healthy, but trade payables of R27,445 will have to be settled in the new financial year.

Audit fees have again been kept to a nominal amount, as the Treasurer has been able to present a full set of financial statements for audit, saving considerable audit time. Our thanks go to our Auditors, HDP Incorporated, for their efficient service.

#### LW Smuts

Finance and Corporate Governance Portfolio SC

## MARKETING AND TOURISM REPORT AS AT 28 OCTOBER 2013

**HRASA's membership of the TBCSA Board is in process. With the participation and co-operation of members, it is planned to compile both a Tourism and a Corporate Social Investment (CSI) footprint for HRASA. This will be published to document the valuable role played by HRASA members to both contributing to and impacting on tourism and the communities in which they operate.**

Is heritage rail serious about whether it is relevant and has value to add to our historical and tourism legacy? It does not seem so, if one takes into account that not much has changed since the HRASA AGM 2012.

Our report in October 2012 read:

*"HRASA as a collective has an opportunity to reclaim the rightful place for heritage rail and rail tourism, but only if we work together to offer South Africans (first) and visitors an opportunity to experience the broad range of heritage rail and rail tourism we have to offer - from Table Bay to the Victoria Falls and beyond..."*

*Rail tourism is an industry with tremendous untapped potential for Southern Africa. Scheduled rail tours will provide opportunities in the fields of job creation, economic empowerment and community development through skills development, skills transfer, SMME development, tourism-related skills training and arts-and-crafts/cultural entrepreneurial development – especially in the rural areas.*

*Rail-based excursions into the rural hinterland of the railway could be used as a mechanism to draw poor rural communities into the mainstream tourism industry. With growth in tourism more previously disadvantaged individuals (PDIs) can be engaged in tourism enterprises and skills transfer, especially in business management, can be accelerated.*

*Community involvement will create a sense of ownership amongst local people. This will counter vandalism of railway property and help to preserve an irreplaceable part of South Africa's rail heritage.*

*Rail-based tourism will provide more business opportunities for small and medium enterprises (SMMEs). Typically:*

- *Local taxi operators could provide a shuttle service to off-track tourist destinations.*
- *More bed-and-breakfast establishments will be needed to accommodate the increased number of visitors.*
- *People with local knowledge could be trained and employed as tour guides.*
- *Communities could be encouraged to share their cultural heritage with visitors.*
- *Craft markets at railway stations could sell hand-crafted goods and/or home-made produce to tourists.*
- *Local communities could provide refreshments, lunches and entertainment for international tourists.*

*HRASA needs doers and givers – not fans and contributors. Those who don't do or give – criticise."*

This portfolio reiterates the report submitted to the HRASA AGM October 2012.

### RAIL AND TOURISM EXHIBITIONS/TRADE SHOWS/EVENTS

#### AFRICA RAIL 2013

The *Africa Rail 2013* event was the most successful of those held over the past four years. The HRASA presentation, delivered by the Chairperson, Nerina Skuy, entitled **"The challenge of heritage railways operating on modern technology"** was very favourably received. In fact, a number of exhibitors have already responded to some of the challenges presented. There were many interactions with a much wider range of exhibitors and leading rail representatives.

#### INDABA 2013

This was the second consecutive year that HRASA did not attend the *Tourism Indaba* (represented by the Chairperson), although Victoria Falls Steam Train Company was actively involved and flew the heritage rail flag. This is an event that heritage rail could truly shine and make a valuable impact at, but there is a real lack of vision and commitment from our members. This portfolio is prepared to take up this challenge, but cannot do so without member participation and support.

#### TRADE SHOWS/EXHIBITIONS PARTICIPATION

The AGM 2012 Report read: *"If we as an organisation are serious about the experiences we offer, because the experiences bring in the income we need to do what is close to our hearts - preservation and restoration of the wonderful legacy we are taking care of so that we can hand it over to the next generation - then we had better get our house in order and become serious about promoting, marketing and showcasing those experiences."* None of the options offered in this Report was taken up by HRASA members.

## MEDIA COVERAGE

HRASA members continue enjoying some much-needed exposure, with coverage across different media, such as print and broadcast. Atlantic Rail, Friends of the Rail and Reefsteamers have featured on various television programmes on both SABC-TV channels and DSTV.

The Foschini Group July 2013 magazine to their customers carried an attractive article entitled *"The wheels keep on rolling"*, which read: *Relive a bygone era and go on one of these top train trips – from luxurious to modern and plain fun.* The article went on to list the experiences in their order of preference:

1. Atlantic Rail, Cape Town
2. Metrorail to Kalk Bay, Cape Town
3. The 'Toy' Blue Train, Cape Town
4. Umgeni Steam Railway, Durban
5. Rovos Rail
6. The Blue Train
7. Apple Express, Port Elizabeth
8. Reefsteamers' Magaliesburg Express, Johannesburg
9. Gautrain, Johannesburg
10. Shosholoz Meyl, Countrywide

## GEOFF COOK RAIL TOUR

THE local press in KZN had a field day with the debacle surrounding the province's leg of the Geoff Cooke Tour. It was unfortunate in that it occurred during the annual *Tourism Indaba* exhibition – the largest of its kind on the continent. In his opening address at the showcase for tourism, South Africa's Minister of Tourism, Marthinus van Schalkwyk, said: "We are growing into a most sought-after tourist destination, with a vast array of unique experiences on offer."

It took some hefty negotiations with reporters to get them to ease off and not cause more damage than necessary. Thankfully, they were rail enthusiasts and saw the wisdom in looking for a positive angle, like USR stepping in to save the day and TFR pulling out all the stops to get some tour action on the line. The experience by this tour group is a wake-up call and highlights the importance of heritage rail working closely with their access agreement partners.

### Nerina Skuy and Ian Pretorius

Marketing & Tourism Portfolio SC

## MEMBERSHIP REPORT AS AT 28 OCTOBER 2013

**As at 28 October 2013 HRASA had 28 members in good-standing, in the following categories:**

- Category A (Commercial) – 1 member
- Category B (Heritage / Carrier Operators) – 10 members
- Category C (Support organisations – non-operational) – 12 members
- Category D (Individual Membership) – 6 members

Resignations have been received from Rovos Rail and Sandstone Heritage Trust, with SA Armour Museum. We welcome back Gospel Express in Category C and new Individual member Andreas Matthee, who was co-opted onto the Board of Directors in September. We have made contact with some organisations, who were awarded Associate Membership of HRASA, as their future survival and function prescribes that they join as fully-fledged members.

The signing of new Memorandum of Agreement with both Transnet SOC and the RSR has established a solid foundation on which HRASA can address the challenges that its membership faces in terms of costs, policies and procedures.

In response to a formal submission by HRASA regarding the RSR Proposed Schedule of Fees for 2013/14 as applied to heritage rail, Jan-David de Villiers (Acting DDG: Rail Transport, Department of Transport) responded as follows: *"Note is taken of the cost pressures faced by heritage operators, as well as the nature and scope of their operations... the permit fee increase applicable to small heritage/tourism operators for 2013/14 will be restricted to 10%. In addition, the department will review the annual grant allocated to the regulator by government in an effort to minimise future pressure on permit fee increases."*

The challenge of negotiating more realistic access fees for operating members is one of the priorities that need to be address as HRASA moves forward. The value that our members add to the economy, tourism and the communities affected by their operation are integral to the access fee negotiations.

The HRASA BOD is encouraged that the approach we have chosen to address the needs and challenges our sector faces, through negotiation and building partnerships, is the only way for heritage rail to be seen as serious, necessary and professional in what it aims to achieve – the preservation, restoration and operation of this valuable legacy.

### Nerina Skuy and Len Smuts

Membership Portfolio SC

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#### Board of Directors 2012-13:

Skuy, N (Skuy Communications) [Chair]; Pretorius, I (Atlantic Rail) [Vice Chair]; Ngxonono, MG (AER) [Secretary]; Smuts, L (RSSA) [Treasurer]; Appleton, S [Rail Safety Rep]; Matthee, AD [Co-opted].