



FRIENDS OF THE RAIL

Non-profit company, Established 1986

Preserving South African Railway Heritage

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MINUTES

Annual General Meeting

Held at FOTR Hermanstad Station

Saturday 31 March 2012

Present:

Steve	Appleton	(Secretary)
Tony	Atwell	
Cliff	Avis	
Nathan	Berelowitz	(Chairman)
Robert	Dadford	
John	Hammill	
Chris	Janisch	
Johan (Chris)	Kock	(Treasurer)
Gabor	Kovacs	
John	Mathieson	
Eric	Samuels	
Steve	Smith	
James	Smith	
Kobus	Steyn	
Kevin	Wilson-Smith	

Apologies:

Stewart	Currie
Mike	Dyk
Liesel	Hagen
Annelise	van Aardt
Arno	Victor
Billy	Victor

Proxy held by:

Nathan Berelowitz
none
none
Chris Janisch
none
none

The Friends of the Rail Association, NPC

Registration No. 1995/009790/08

Directors 2012: SG Appleton* (secretary), A Attwell, NH Berelowitz (chairman), LJ Hagen, JA Hammill, CE Janisch (vice-chairman), JA Koch (treasurer), SJ Smith, AC Victor, WD Victor, KR Wilson-Smith*
(* = British)

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1. Quorum

- 1.1. There being 17 members present or represented by proxy, a quorum was declared. The chairman opened the Annual General Meeting of the Association at 14:15.

2. Opening

- 2.1. The chairman specially welcomed John Hammill to the meeting who apart from being an FOTR member was also present to represent SANRASM.

3. Previous minutes

- 3.1. The minutes of the last AGM in respect of Financial Year 2010 were accepted as read unanimously by this meeting. Proposed by Steve Smith and seconded by Kevin Wilson-Smith.

4. Matters arising from previous minutes

- 4.1. There were no matters arising from the minutes of the previous AGM.

5. Chairman's Report for FY2011

- 5.1. The chairman presented a verbal report covering the financial year 2011.
- 5.2. Chairman Nathan Berelowitz stated that 2011 had been another terrible year for FOTR. Access into Metrorail and TFR territory had been extremely difficult due to a number of factors, including a variety of infrastructural failures around the complex and the repeated theft of sleepers from the Cullinan branch. This resulted in several cancelled trains (two did not even get out of the yard) and, when trains did run, in the expense of hiring busses to transport passengers to and from the intended destinations.
- 5.3. He said that the club started the year on its hands and knees moneywise following the previous year's problems (which included the derailment of 3117 and its train near Cullinan), a financial situation that has unfortunately continued to exist due to the on-going problems.
- 5.4. Nevertheless, he asked "How is the club doing?" He said that Hermanstad is looking really good and has proven to be a user-friendly site. However, he added, despite Hermanstad's attractions, we do not like telling passengers that trains are cancelled.

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- 5.5. Loco 19D, 2650 is finally returned to service after its 3-year certification. It took 10 months to achieve this due to the serious lack of assistance from members. He asked "Where are all the young enthusiasts?" and added that skills are few and far between and that we were indeed blessed with, in particular, the help of the Dadford brothers, Steve Smith and Gabor Kovacs. The Dolly (class 19D) has passed its tests but it had been a long, hard struggle to get there.
 - 5.6. He gratefully thanked Rovos Rail for the loan of their loco which enabled FOTR to run two well-patronised, longer trains at the start of the year; trains that could not have been hauled by FOTR's smaller class 24.
 - 5.7. He stated that following last year's debacles, with the recent successful trains, FOTR was now getting a better public name. He added that he was also feeling better now that FOTR had a second running loco at its disposal.
 - 5.8. He appealed to those present, saying that we still need numbers of new members to come in and assist. He sounded a warning though that the price of fuel and the toll fees will hit people's pockets this year and that this may impact on both membership and passenger numbers.
 - 5.9. He then introduced the overtures being made between FOTR and SANRASM. He said that we now had good relations with SANRASM and that it was necessary that the clubs be united and stand together as one. This in his view also included Reefsteamers with their excellent servicing facilities. He concluded this segment by saying that we all just have to work together for the survival of the "industry".
 - 5.10. Finally, in closing, the chairman made some serious appeals to the club's members. "We must do, not say;" "We must be making friends;" "We need to spread the word;" and "Members must make it happen."
 - 5.11. Acceptance of the chairman's report was proposed by Chris Janisch, seconded by Steve Smith and passed unanimously.
 - 5.12. Chris Janisch then proposed a vote of thanks to the chairman for his continuing, unstinting contributions during the year. This was passed unanimously.
6. Treasurer's Report for FY 2011
 - 6.1. Treasurer Chris Koch presented his report, also verbally.
 - 6.2. The treasurer stated by saying that 2010 was bad and that he had hoped that 2011 would be better. "Not so," he stated, "2011 was even worse than 2010 and the

main cause is known to all. The criminal element on the Cullinan branch has hurt us badly.”

- 6.3. He expressed the opinion that FOTR cannot survive unless it runs to Cullinan. He said that the cost of hiring busses takes the cream of the earnings and that there seems to be no viable alternative route.
- 6.4. He concurs with the auditors who state that FOTR must cut down on expenditure and concentrate on only the bare essentials. He added that, technically FOTR is in the red. He said that there is about R58k in the bank, but we still owe money and that there are loans that will almost certainly have to be repaid at some stage.
- 6.5. He said that FOTR had survived partly by selling scrap metal, etc. This is a temporary income fix that is not sustainable in the longer term.
- 6.6. He sounded a pessimistic note that he did not think that 2012 will be any better. For example, FOTR had last bought coal in 2010. We managed to survive though 2011 on those supplies but will soon need new supplies. Coal is now over R1000 per tonne plus delivery costs. Sixty tonnes will cost in excess of R80 000 and there is not enough money available to pay that much. He said that FOTR has put its public liability insurance premium onto a monthly basis instead of making a single annual payment to keep immediate costs down and he warned that there might not even be enough to pay for that either. Adding to these costs is the Hermanstad lease which has to be paid every month.
- 6.7. In closing his report, the treasurer sincerely thanked everyone who had provided donations and loans to FOTR. He said that without that generosity the club would likely not have survived the last year.

7. Auditor's Report for FY2011

- 7.1. The Treasurer then read the Auditor's (Eck and Eck Inc) report for financial year ending December 2011.
- 7.2. The auditor stated that all monies, income and expenditure can and had been accounted for.
- 7.3. The auditors stated that the funds shortage for year was R178 000 after provision for depreciation of R15 000. Total income for the year was R810 000. This reflects a decrease 42.2% over the previous year. Total expenses were R988 000. This is a decrease of 32.14% in total expenses compared with the previous year. The decrease

in income therefore far outweighs the decrease in expenses. This has led to the massive shortfall of R178 000. The auditor expressed serious reason for concern.

- 7.4. The auditor provided the opinion that it appeared that the derailment of the train near Cullinan in 2010 was the chief culprit for the previous year's shortfall but that the derailment of the economy in South Africa is a major reason for the loss this year.
 - 7.5. The auditor expressed an opinion that no blame can be placed on any management persons and that expense control had been, as usual, excellent. The auditor stated that the previous year's losses were a result of criminal activity but leaves it to the board to decide to what extent that is applicable for this year. The auditor warned the club about the consequences of the rapidly deteriorating state of the economy. The auditor further warned that non-profit organisations such as FOTR will be the hardest hit and that survival chances for some will be small.
 - 7.6. The auditor advised a massive downscale of activity. He added that FOTR should do enough to keep the club open but not to attempt any adventurous activities and expansion.
 - 7.7. In conclusion, the auditor thanked FOTR for making again use of his services.
8. Matters arising from the financial reports
- 8.1. Following the presentation of the auditor's report, the treasurer asked members for any questions.
 - 8.2. In response, member Eric Samuels made the following comments:
 - 8.3. Eric said that whilst we have the facilities is there no possibility to expand our services. If we do run a train on a weekend, why not run a short train or two on Saturday around the complex as well, he asked? He suggested that we could only increase our revenues by running trains. He also suggested that if we supply the services, people will come. He ended by saying that many good ideas die because others decry those ideas rather than doing.
 - 8.4. The chairman responded by saying it was unfortunate that the board's marketing members were not present to answer that. He added that it was a good suggestion and that it did make sense. He would make a note of it for the marketing people who would then be able to make a call on whether enough support would be available for it to make financial sense.

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- 8.5. Chris Janisch added that the “Tshwane Xplorers” were not very popular and that Arno Victor has really struggled to fill them. He also said that the access fees, relatively speaking, were high for short trips and that is crippling. The high access fees imposed by TFR plus the cost of a pilot changed the financial scene immeasurably for the clubs and that HRASA had tried to negotiate the fees down to no effect so far. He added that the rail heritage industry badly needed government support which was just not forthcoming.
- 8.6. Steve Appleton added that cancelled trips are not “zero-cost” events, they actually cost money – money to fire up the loco, money to refund passengers, etc. he added that after attending a recent Dept of Transport skills development meeting, that the relevant people in government do not know of the existence of rail heritage operations, not even in their local city, and therefore do not care about it.
- 8.7. John Hammill (HRASA) made a point that we have a problem in that too few black South Africans are involved and it is necessary to bring them in. This is possibly because there is a historical perception that trains were once used as one apartheid mechanism. This is one issue we are facing.
- 8.8. John also added that there was a loan made by SANRASM to FOTR. This will be converted into a donation. The meeting unanimously thanked John, Tony and SANRASM for this.
- 8.9. Eric Samuels commented that there is a real perception out there that “we are white men playing trains”. The chairman stated that it is very difficult to get black people involved and that we need people who are involved for the love of it, not for “window dressing.”
- 8.10. John Hammill said that SANRSM had a black marketing person and that amongst other successes; she had been very successful in getting black people to ride their trains.
- 8.11. Member Gabor Kovacs reminded the meeting that we in fact do have some black people who come aboard quite often as coach controllers.
- 8.12. Gabor then presented a cost analysis that he had made between the heritage operators and the fares they charge per passenger-km. He said that Atlantic Rail was comparatively the most expensive. The average fare overall was R2.42 per km per passenger and that FOTR must do a price review soon. He urged the board to re-

view the pricing structure at the next meeting. He asked that a fund be established for extras such as bus hire, etc.

- 8.13. Whilst he could not talk for Arno Victor and marketing, Steve Appleton said that marketing and the board had made a conscious decision to keep the fares at the 2011 levels consequent upon the terrible year of 2011 and the bad public reputation existent at the start of 2012. He added that the board was committed to review that during the course of this year.
- 8.14. Cliff Avis made a point that even at present fares a train trip represents quite an expensive option for a day out for a family of 4 or so and that many families cannot afford that even now.
- 8.15. Steve Smith said he believed FOTR could not reduce prices but suggested that the fare prices be psychologically disguised by separating out the components as is done in the airline industry. FOTR could charge a lower fare for the train and then separately quote additional compulsory component prices for service and TFR access fees, taxes and the like.
- 8.16. Kevin Wilson Smith said that FOTR is in a catch-22 situation. The ability to charge high fares is linked to the ability and cost of marketing to the right people. FOTR does not have the money for high profile marketing right now and therefore does not reach the right sort of people; namely those who can afford to pay more. FOTR also has to lever its assets to raise income rather than just running trains, for instance creating a unique wedding venue – through external organisers if necessary such as wedding planners.
- 8.17. Steve Appleton added that it is also a question of service to passengers. FOTR is very good at running trains but is it as good at service? As in the airline industry, passengers expect service and FOTR must also add value to the passengers' enjoyment. People want to be pampered and feel they got value for money. It's less about the cost but more about the feeling of getting good value. Handing out free newspapers which cost FOTR nothing is a case in point.
- 8.18. James Smith asked why the wages costs had apparently trebled over the previous year – R90k to 220k. The chairman responded that there had been major boiler work need on the 19D. In addition there had been work done on the 15CA and the coaches had needed lifting and brake work.

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- 8.19. After these very long discussions, the financial report was accepted unanimously. Proposed by Tony Attwell and seconded by James Smith.

9. Appointment of Auditors

- 9.1. The present auditors, Eck and Eck Inc, were reappointed unanimously to serve for the current year.

10. Budgets for FY 2012

- 10.1. Treasurer Chris Koch presented a proposed budget for Financial Year 2012.
- 10.2. Current income had been estimated at the same as last year (R800 000) but the treasurer suggested that it could (or should) be more. The treasurer pointed out that what was important was not the R800 000 income but the percentage break-downs as allocated. The marketing budget had been increased from 5% to 10% of the planned total expenditure to reflect the need for increased marketing. The meeting felt it would be nice to aim for an income of R1 million.
- 10.3. John Hammill suggested that the budget should include an amount for training. Various members agreed that FOTR would need to provide for renewed fire, first aid, coach controller and train manager training in the current year.
- 10.4. It was agreed that the treasurer should increase the operations budget and add a component for training.
- 10.5. Chris Janisch asked about Hermanstad site development. The chairman responded by saying that that would address this point after this agenda item because of a possible relationship with SANRASM. He emphasised that FOTR should “hold tight as much as possible” this year.
- 10.6. Kevin Wilson-Smith added that we should go with the budget as suggested with the proposed amendments but review it after three months when the financial situation after the first part of the year would be known.
- 10.7. John Hammill agreed that June would be a good time to review the budget, hinting at possible future relationships, because “there will be a fair amount of movement between now and then” although he could not say too much at present.
- 10.8. Gabor Kovacs warned that FOTR is going into the winter “off season” soon when incomes will drop and that FOTR must be aware that this will impact the financial situation negatively.

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10.9. The budget with the suggested amendments was accepted. Proposed by James Smith, seconded, Eric Samuels.

11. Other business

11.1. Chairman Nathan Berelowitz opened this item by suggesting that the way for survival in this industry is in “unity is strength”. He said that the ideal world in this area would comprise relationships between three entities:- FOTR, Reefsteamers and SANRASM. He added as reasoning that Germiston had a well-equipped central workshop that could maintain locomotives. He envisaged a good competent, largely common marketing operation, and a central workshop feeding two running depots. This, he believed, would take a lot of weight of various chests and could lead to future developments in skills and training, etc. He warned that some political issues could impede the dream. The chairman said that we had to make plans for the future and that whatever we do keeps going for as long as it possibly can.

11.2. He went on to say that it would be wonderful to get involved with SANRASM for a couple of reasons. He detailed how SANRASM had been built up by enthusiasts and had great public support and how it “went down again” and that there could be a lesson for us in that.

11.3. He said that FOTR had grown from small beginnings and he suggested that it may well now be a good time now to join forces.

11.4. He added that SARASM had developed a good market of people. He said also that SANRASM was now in need of a good home for its valuable assets. He told the meeting that FOTR had a very good user-friendly publically-accessible place in Hermanstad and that it was a good place to mount important exhibits. We need exhibits as well as operating trains. He foresaw many opportunities that could arise from cooperation with others, including SANRASM and Dam Rail.

11.5. The chairman then introduced John Hammill who was representing the interests of SANRSM to address the meeting.

11.6. John Hammill started his outline of the situation and possible plans by saying that SARASM also had a problem. SANRASM’s was that they had to move and that they had a deadline to do it by. He said that SANRSM therefore needed cooperation from both Reefsteamers and FOTR because they do not have the human resources

and cannot do it all themselves. SANRASM in effect lacks a lot in expertise and knowledge.

- 11.7. SANRASM had looked at sites. A possible site in Isando is not ideal and Reefsteamers' site has logistics problems. The latter is great as a workshop-depot but not great as a people place. FOTR has the best people place but FOTR lacks certain wherewithal as well. John emphasised that these proposals are in early stages and embryonic at present.
- 11.8. John suggested that, in principle, SANRASM would like to move the majority of their collection to Hermanstad. Nonetheless SANRASM would like for both parties to retain their own identities and legal independence.
- 11.9. He warned that each person is doing his own little thing but that there are dwindling resources and a perhaps a diminishing market. He told the meeting that SANRASM has finally joined HRASA.
- 11.10. He said that SANRASM realised that there would be certain costs involved. He stated that there are things that FOTR needs. He suggested that FOTR needed a shed for instance. Stock standing outside deteriorates as SANRASM has experienced. He added that FOTR needs a pit. He said that SANRASM is committed to providing FOTR with rail that will come from their sites, at their cost.
- 11.11. He mentioned the logistical problems associated with the move, including items that could not possibly be moved by rail due to their condition. The aim is to move some of the locos (e.g. the class 6) to Reefsteamers to refurbish.
- 11.12. He concluded by saying that there is nothing stopping SANRASM becoming involved with FOTR.
- 11.13. The chairman said that this was very nice and positive and he thought definitely the way forward. The only things stopping FOTR's final move from Capital Park were essentially the lack of track, of a pit and coaling facilities.
- 11.14. James Smith asked about what security of tenure FOTR had over Hermanstad. Steve Appleton replied that the lease is renewed 5 years at a time due to a moratorium on TFR's maximum lease lengths imposed by the Minister. He added that this does indeed mean that there is a tenure risk although thought to be low.
- 11.15. Eric Samuels suggested that FOTR does not only lease the site for the maximum time (presently 5 years) but also, in that lease, secures a first option to renew the

- lease for an additional similar period. The secretary said that at present there is no such option but undertook to try to negotiate to incorporate such an option.
- 11.16. Steve Smith said that there is every reason to combine resources with SANRASM at Hermanstad because it would increase the lobbying capability and indirectly the longer term security of tenure.
- 11.17. Having dealt with the SANRSM issue, the chairman then went around the attendees to see whether there was any other business or comments from the floor.
- 11.18. Eric Samuels suggested that we should accommodate SANRASM as soon as possible.
- 11.19. James Smith agreed with Eric, saying that it would give everyone a much bigger voice and that there were benefits for everybody. In response to James' question, John Hammill confirmed that SANRASM had to effectively move out by the end of 2012.
- 11.20. Gabor Kovacs informed the meeting that Reefsteamers is planning to organise a depot open day and that he suggests that FOTR organises a trip to Germiston to coincide. Gabor then addressed the issue of the punishing schedule that FOTR ran at the end of 2010. He suggested that we need to run more trains earlier in the year to even out the workload.
- 11.21. John Mathieson stated that the proposed cooperation was the best news he had heard in years.
- 11.22. Kevin Wilson-Smith added that the SANRASM thing is good and that FOTR must also look at other activities to bring in revenue. Gabor responded that using the dining cars to bring in revenue means that they must run. People want meals on the move not static.
- 11.23. Kevin added that FOTR also had to start thinking about meeting in Johannesburg as well because of the logistics of getting to Pretoria.
- 11.24. John Mathieson asked about using the Rekord newspaper for publicity. Steve Appleton replied that FOTR does indeed do so and that one of their reporters travelled on a recent train.
- 11.25. Gabor Kovacs mentioned the FOTR Facebook page and said that it had been well received by the public. He was however concerned that there was some management negativity towards it. Steve Appleton and Kevin WS both confirmed that there was no negativity intended towards Facebook or Gabor's management of the page

but rather that the medium itself can be used as a negative platform by dissenting individuals. This can lead to serious brand damage and that this aspect needs close monitoring to correct should it occur. Gabor undertook to manage that aspect and this received general approval.

11.26. Gabor also asked that FOTR's public documents such as membership forms should be made available because he could not find them. In addition he said that the FOTR membership list needed updating with verified details again and that updated indemnities need to be obtained from new members.

11.27. Kevin Wilson-Smith mentioned firearms policy. He said that FOTR cannot take firearms away from licensed persons. However, firearms must be concealed when carried and that firearms owners are aware of that law.

12. Election of 2012 board members

12.1. All the existing board members had made themselves available for re-election.

12.2. John Hammill and Toney Attwell had also been nominated for election to the board. These nominations were duly accepted.

12.3. As secretary, Steve Appleton confirmed that constitutionally there was nothing preventing persons being on the boards of the two clubs. Obviously however, if there was to be any discussion that might involve the other club which may result in a conflict of interest, then those persons should declare that interest and consider recusing themselves.

12.4. The secretary confirmed that 11 persons were therefore nominated for election to the board. The constitution requires a minimum of 7 board members but specifies no maximum. The secretary explained the options available: an election in which the 7 highest voted persons are elected which in effect means that either John Hammill or Tony Attwell or both might not be elected (and will then be co-opted as representing SANRASM) or, more simply that the meeting elects all the nominees unanimously.

12.5. The meeting agreed with the latter option, saying that FOTR is very short of resources and that the more resources that are willing to share the load, the better. This proposal was accepted unanimously and all 11 nominees were voted onto the board unanimously by the meeting.

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12.6. For the record the following were elected to the board of FOTR for the year 2012. SG Appleton (secretary), A Attwell, NH Berelowitz (chairman), LJ Hagen, JA Hammill, CE Janisch (vice-chairman), JA Koch (treasurer), SJ Smith, AC Victor, WD Victor, and KR Wilson-Smith.

13. Chairman's thanks

13.1. Before closing the meeting, the chairman thanked everyone for being present and also personally thanked a number of people specifically for the special efforts they had made towards FOTR. This was met with a round of applause.

14. Closure

14.1. There being no other business, the meeting was declared closed at 1640.