



REQUEST FOR INFORMATION/EXPRESSION OF INTEREST
POTENTIAL PRIVATE SECTOR PARTICIPATION IN THE BLUE TRAIN

TRANSNET SOC LTD

**REQUEST FOR INFORMATION AND EXPRESSION OF INTEREST IN RESPECT OF
POTENTIAL PRIVATE SECTOR PARTICIPATION
IN THE BLUE TRAIN**

RFI Issue Date	27 September 2024
Non-Compulsory Briefing Session	10 October 2024 at 10h00 CAT
Requests for Clarification Close	08 November 2024
RFI Closing Date	15 November 2024 at 17h00 SAST

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1. DISCLAIMER

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Transnet reserves the right to amend, modify or withdraw this document or any part of it, or terminate or amend the plans for the introduction of Private Sector Participation at for the Blue Train, at any time, without prior notice and without liability to compensate or reimburse any person pursuant to such amendment, modification, withdrawal or termination.

The terms and conditions set out in this document are stipulated for the express benefit of Transnet and, save as expressly stated to the contrary, may be waived at Transnet's sole discretion at any time.

Transnet reserves the right to adopt any proposal made by any person responding to this document at any time and to include such proposal in any documents which may or may not be made available at any stage to any other persons responding to this document, without the obligation or liability to pay any compensation or reimbursement of any nature to any person pursuant to such adoption.

This document is provided solely for the purpose set out herein and is not intended to form any part or basis of any investment decisions by the respondent, its shareholders, members or its lenders.

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Each person that accesses this document must make its own independent assessment of the information provided, taking such advice (whether professional or otherwise) as it deems necessary.

No respondent, its shareholders, members, contractors, suppliers or lenders shall have any claim against Transnet, its officers, employees, servants, agents or Transaction Advisors, under any circumstances whatsoever, arising out of any matter relating to this document of any nature whatsoever, including where such claim is based on any act or omission by Transnet, or any of its officers, employees, servants, agents or Transaction Advisors of any nature whatsoever, or where such claim is based on the content of, or any omission from, this document of any nature whatsoever.

2. DEFINITIONS AND INTERPRETATION

In this document, except as otherwise defined herein, the following terms shall have the following meanings:

- 2.1. "Document"** - this explanation and request for information document to solicit information from the market relating to the planned project in relation to the Blue Train revitalisation.
- 2.2. "Private Sector Participation" or "PSP"** – the introduction of the Private Sector to Participate in the equity of the special purpose vehicle.
- 2.3. "Project"** – the project to procure private sector participation to assist Transnet with access to market, capital and operational expertise to revitalise the business of the Blue Train.
- 2.4. "Project Officer"** - the person appointed by Transnet as the project officer for the purpose of the administration of the process contemplated in this document.
- 2.5. "Respondent"** - any entity or consortium that submits Request for Information (RFI) response in response to this document.
- 2.6. "RFI Response"** - the submission made by an entity or organization in response to this document, together with all necessary supporting documentation.



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- 2.7. "RFP"** - the request for proposals contemplated to be issued in respect of the private sector participation in The Blue Train revitalisation project in due course.
- 2.8. "Special Purpose Vehicle"** - the company to be established by Transnet through-which the envisaged private sector joint investment transaction is to be implemented.
- 2.9. "TFR"** - Transnet Freight Rail, being one of the operating business divisions of Transnet;
and
- 2.10. "Transnet"** – Transnet SOC Ltd, registration number 1990/000900/30.

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3. BACKGROUND

3.1.INTRODUCTION – THE BLUE TRAIN

3.1.1. The iconic Blue Train has, for decades, been one of the world's most renowned luxury passenger trains, owing its origins to the Union Limited and the Union Express, which, from 1923, linked Johannesburg with the mail ships departing from Cape Town for England.

3.1.2. The Blue Train operates within the luxury hospitality, tourism, and leisure industry, both locally and internationally, and as such, has defined a new era of luxury travel, making the switch from steam to electric engines in 1955, where it was hauled by class 3E locomotives, linking veld to sea, tradition to progress, with a sense of style, grace, and mesmerising power.

3.1.3. The luxurious train has been a flagship of Transnet and a South African icon for years and is a national heritage asset and has been in operation for over 75 years.

3.1.4. Below is a summary of The Blue Train’s journey since inception:

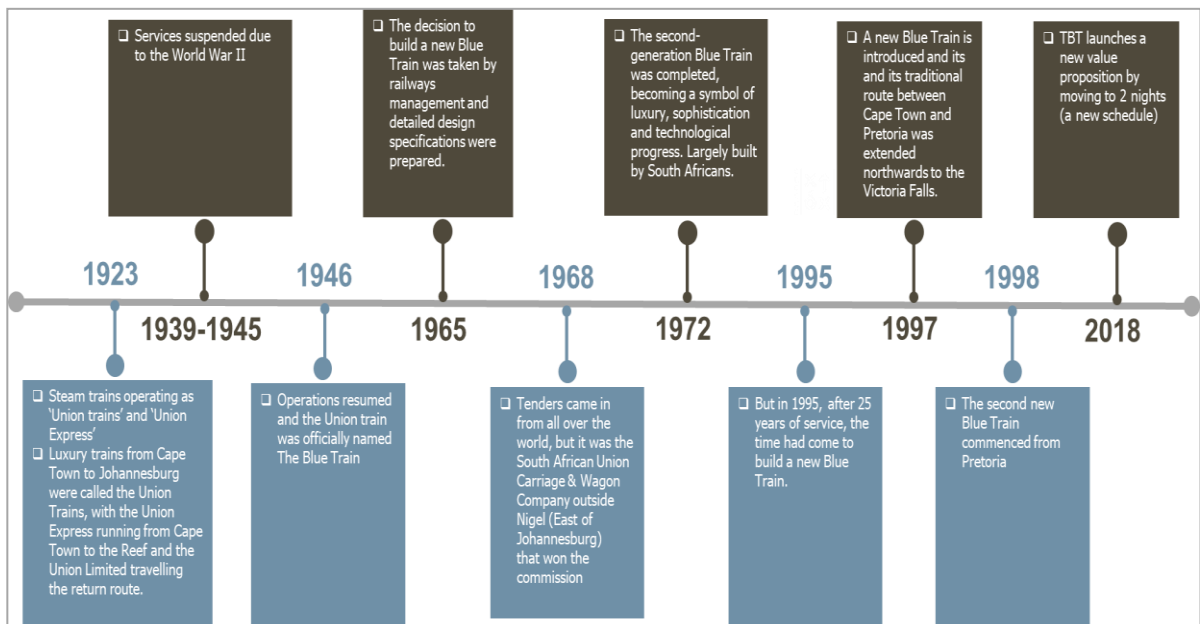


Figure 1: A depiction of the history of the Blue Train

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3.1.5. The Blue Train is currently owned and operated by Transnet as a heritage asset with Transnet Engineering (TE) providing maintenance and refurbishment services for rolling stock and specialised equipment whereas, Transnet Freight Rail (TFR) provides haulage services and financial support. However, Transnet's core business is not in the hospitality and luxury travel industry, making it a challenge to effectively run the train.

3.1.6. Historically, The Blue Train had two sets of trains that ran various routes across South Africa. In 2020/21 financial year, The Blue Train suffered a derailment on one of the sets, therefore leaving only one train set in operation. This has limited operations and reduced number of riders that The Blue Train is able to accommodate. It is, however, desired that the train set is recommissioned for operations to allow efficiencies.

3.1.7. The operational set has nine (09) guest coaches – eight deluxe coaches and one luxury coach. A deluxe coach comprises four (4) suites while a luxury coach comprises three (3) suites each, yielding a total capacity of 70 guests per trip. At the height of its operation, with both train sets in operation, the Blue Train is able to have 2 trips per week and allow for maintenance and refurbishment of the coaches in preparation for the next departure.

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4. OVERVIEW OF THE DOMESTIC AND INTERNATIONAL TOURISM MARKET

- 4.1. South Africa is a tourist destination, with the industry contributing 3.7% to GDP (Gross Domestic Product) in 2019, making it larger than agriculture, construction, and utilities (electricity, gas, and water).¹
- 4.2. However, in 2020, the industry's direct contribution to GDP dropped to 2.2% against the backdrop of the COVID pandemic, which saw economic activity plummet in most parts of the economy, with tourism losing ground against even the smallest industries.
- 4.3. International tourist arrivals from January to November 2023 totaled 7.6 million, representing a remarkable 51.8% increase compared to the same period in 2022. While recovery towards pre-COVID-19 numbers is encouraging, this performance is 17.6% lower than in 2019.²
- 4.4. Tourist arrivals in South Africa demonstrated a positive trend, with improvements in the numbers recorded from month to month during the period spanning 2021 to 2023. In December 2023, 3.5 million travelers were recorded at South African ports of entry/exit, surpassing the figures for both November 2023, which stood at 2.6 million, and December 2022, at 2.9 million.³
- 4.5. South Africa remains an attractive destination, for both domestic and international travelers. The numbers show that tourism successfully drives travel to South Africa while shaping cultural exchanges and contributing to inclusive economic growth.
- 4.6. Looking ahead, it is expected that the South African tourism market will deliver 21 million visitors and contribute 10% to the country's GDP by 2030 as per the National Development Plan.
- 4.7. In Q4 2023, international tourist arrivals amounted to 2.3 million, marking a continued improvement with a +28.5% increase compared to Q4 2022 and now only -12.8%

¹ <https://www.statssa.gov.za/?p=16182>

² <https://www.southafrica.net/gl/en/trade/press/south-africa-s-tourism-sector-continues-to-rise>

³ <https://www.statssa.gov.za/?p=16949#:~:text=As%20world%20tourism%20rebounds%2C%20South,to%20%2C26%20in%202021.>

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below Q4 2019 levels. This significant growth nearly restored the figures to those of Q4 2019. Africa continued to dominate as the leading source continent, comprising 74.4% of arrivals and showcasing the most robust recovery (-9.3% beneath Q4 2019 levels).⁴

4.7.1. Figure 2 below, depicts the countries that have contributed to international arrivals into South Africa up to February 2024.

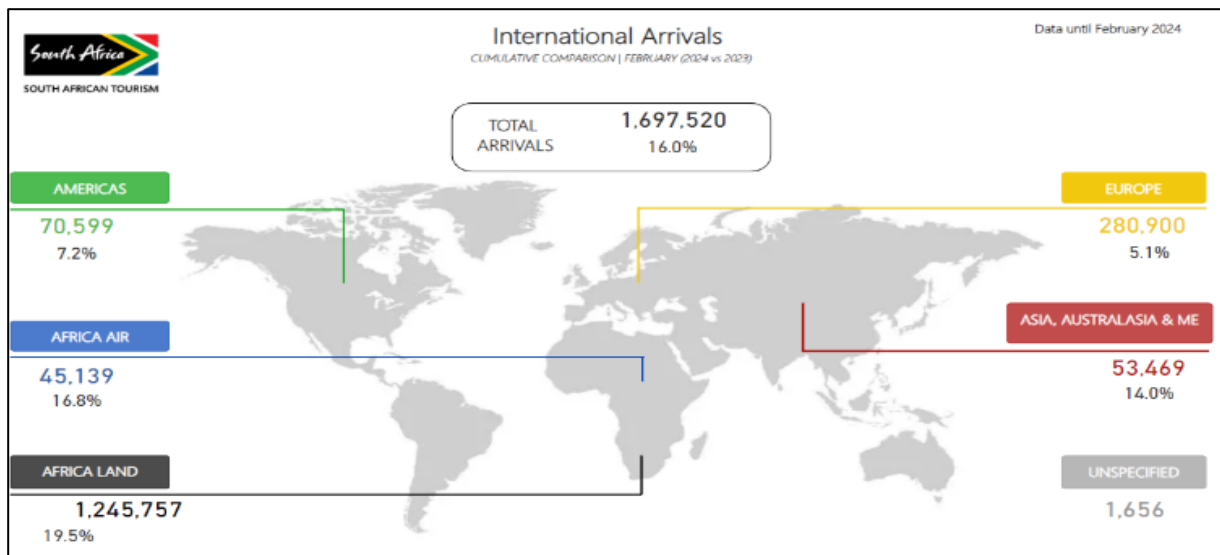


Figure 2: International arrivals by country

5. HISTORIC OVERVIEW OF THE BLUE TRAIN OPERATIONS

- 5.1. The Blue Train currently operates a trip from Pretoria to Cape Town and Cape Town to Pretoria weekly using one train set. It has a total of 64 administrative and operational staff employed on the train.
- 5.2. Historically, the train has been able to run two trips a week with two train sets in operation. The derailment of the one train set has limited the train and thereby

⁴ [chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/https://live.southafrica.net/media/306298/sat-performance-report-q4-2023.pdf?downloadId=427377](https://live.southafrica.net/media/306298/sat-performance-report-q4-2023.pdf?downloadId=427377)

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affecting operational efficiencies and guest numbers. Table 1 below reflects the capacity of the two train sets.

Train set 1 (Derailed set)	Trainset 2 (Operational set)
19 Coaches	17 Coaches
1 Baggage Van	1 Baggage Van
1 Power Car	1 Power Car
1 Staff Coach	1 Staff Coach
1 Club Car (Smoking Lounge)	1 Club Car (Smoking Lounge)
1 Lounge Car	1 Lounge Car
1 Dining Car	1 Dining Car
1 Kitchen Coach	1 Kitchen Coach
1 Observation Coach	1 Observation Coach
2 Luxury Sleeper Coaches	1 Luxury Sleeper Coaches
9 Deluxe Sleeper Coaches	8 Deluxe Sleeper Coaches
82 guests and 23 staff	70 guests 23 staff

Table 1: Capacity of the train sets

5.3. As with many industries, The Blue Train was adversely affected by the COVID-19 pandemic and the subsequent derailment of the second train set. The guest ridership on The Blue Train since 2012 is summarised below.

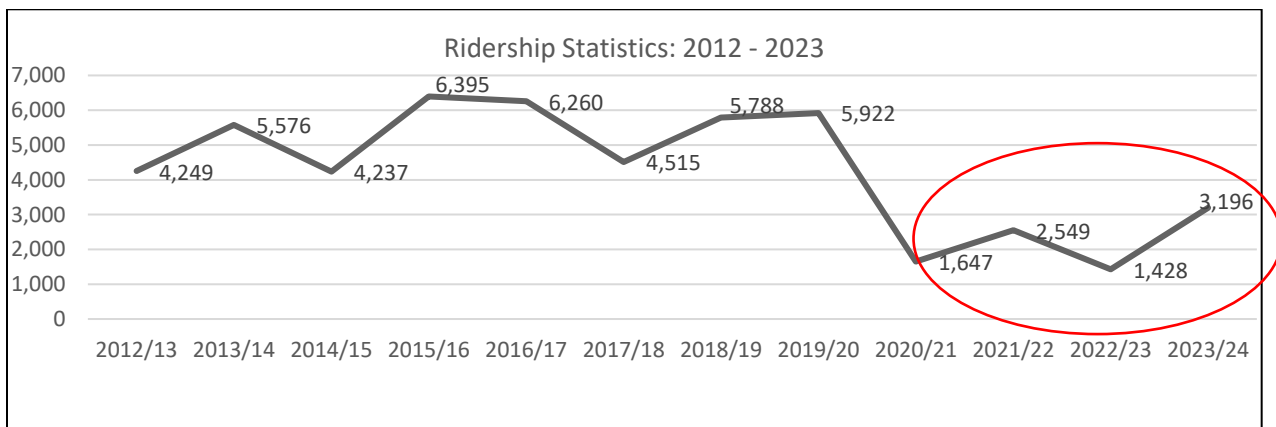


Figure 3: Blue train ridership levels April 2013 – March 2024

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5.4. Post-COVID-19, the tourism market and the guest ridership on The Blue Train are showing signs of improvement, and it is projected that The Blue Train is likely to draw more customers and guests with a potential annual growth rate of 21.6% and 29.9% in the 2024/25 and 2025/26 financial years respectively.

Actual Ridership Per Region					Forecast Ridership Per Region						
Region	2020	2021	2022	2023	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	Total
ASIA	4	33	39	165	183	231	280	329	378	427	1828
AUSTRALIA & NEWZ ZEALAND	1	1	53	357	383	495	607	719	831	943	3978
EASTERN EUROPE	4	5	8	36	38	48	58	68	78	88	377
WESTERN EUROPE	17	58	118	206	257	319	382	445	507	570	2479
NORTH & SOUTH AMERICA	9	73	105	255	303	380	457	534	611	688	2973
UNITED KINGDOM & IRELAND	16	48	517	880	1131	1437	1743	2049	2355	2661	11374
AFRICA	25	121	622	1297	1596	2027	2459	2891	3322	3754	16048

Table 2: Ridership forecast over the next 6 years.

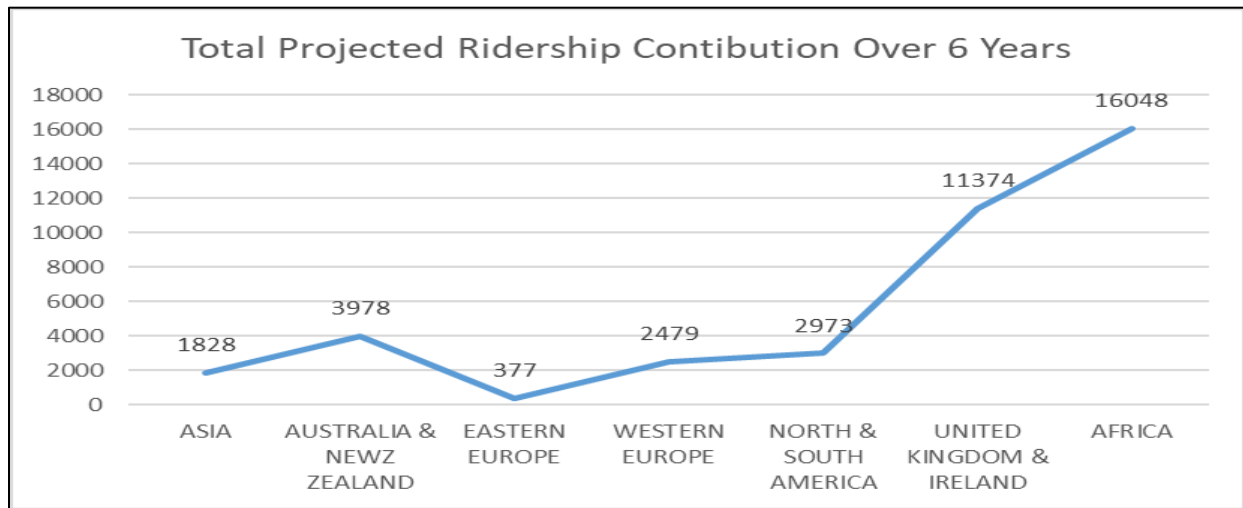


Figure 4: Projected contributions to ridership per region over a period of 6 years, ending 2030

5.5. Based on the improvement in ridership numbers since 2021, we envisage an increase in guests on the train. This could also be improved by recommissioning the second train.

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6. REQUEST FOR INFORMATION (RFI)

6.1. BACKGROUND

6.1.1. Transnet requests any and all entities or organizations that may wish to submit a RFI response to Transnet pursuant to this document to do so. However, submitting an RFI Response is not a compulsory requirement for responding to the Request for Proposals (RFP), which may or may not be issued at a later stage.

6.1.2. Transnet intends, through this document to:

- 6.1.2.1. Obtain information from the market which may be used as a baseline to substantiate the business case for a potential strategic partnership.
- 6.1.2.2. Gain a better understanding of the parties that may have an interest in potentially partnering with Transnet to turn around the Blue Train business.
- 6.1.2.3. Gauge market appetite for a joint investment dedicated to the revitalisation of the business of the Blue Train; and
- 6.1.2.4. Define the commercial, market, and partnership assumptions which could inform a potential private sector partnership to revitalise the Blue Train.

6.2. RFI/EOI INFORMATION QUESTIONNAIRE

6.2.1. Respondents expressing an interest to participate in this RFI stage are requested to provide the information below to demonstrate their capacity and capability in the luxury tourism market and indicate their interest in the Blue Train.

6.2.2. Respondents may elect to respond to any of the topics in the RFI or in whole.

I. THE BLUE TRAIN MARKET

The post-COVID-19 ridership in the Blue Train has improved, however the number remains lower than the pre-COVID-19 performance. To this end, Transnet would like the respondent to provide the following information:

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- a. What does the respondent propose to sustainably improve and enhance TBT ridership?

II. THE BLUE TRAIN OPERATIONS

The Blue Train is currently owned and operated by Transnet Freight Rail (TFR). The staff is remunerated on a salaried basis, which is different from the typical hospitality structure. Therefore, Transnet would like to gauge interest from the market on the models that can be introduced to further enhance and optimally operate the train. Respondents are encouraged to provide the following information:

- a. What operational considerations should be made when operating in the luxury hospitality market that can be utilised to enhance the Blue Train and improve efficiencies?

III. FUNDING AND RECAPITALIZATION

Transnet does not have the financial resources to fund rolling stock requirements and any other enhancements to The Blue Train and will, therefore, require the potential respondents to consider providing the necessary funding.

- a. The respondents are to indicate if they would be willing to provide funding to The Blue Train.
- b. Which conditions are you likely to consider in the event that you would be interested in funding The Blue Train?

IV. ROLLING STOCK AND INFRASTRUCTURE

There is a requirement for new or refurbished/upgraded rolling stock, which will allow the train to increase its operational capacity, venture into new routes, and improve efficiencies. To address this, Transnet would like the respondent to:



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- a. Indicate if they are able to supply rolling stock and if so, what considerations would likely be made in supplying the rolling stock and what enhancements would you suggest?

V. OTHER OPTIONS

Respondents are encouraged to propose any other mechanisms or models that can be employed to operate and recapitalise the Blue Train.

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6.3. NOTICE TO RESPONDENTS

- 6.3.1. Respondents are encouraged to provide information that substantiates their responses in detail.
- 6.3.2. Respondents are hereby advised that Transnet is not committed to any course of action as a result of its issuance of this RFI and/or its receipt of submissions in response to it. In particular, please note that Transnet reserves the right and at its sole and full discretion to:
 - 6.3.2.1. Utilise any information provided to it in response to this RFI to draft the scope of requirements for inclusion in a subsequent Request for Proposals (RFP), should it decide to pursue that route.
 - 6.3.2.1.1. Take no further action whatsoever, if it so decides;
 - 6.3.2.1.2. Withdraw from this process and the provisions of this project at any time;
 - 6.3.2.1.3. Change the dates as they relate to the RFI;
 - 6.3.2.1.4. Not bind itself to accept any or all of the RFI submissions; or
 - 6.3.2.1.5. Increase or decrease the quantities/scope of the RFI in any subsequent RFP.
 - 6.3.2.1.6. Transnet's decisions will be final, and no correspondence will be entered into. Transnet will not reimburse any respondent for any preparatory costs or other work performed in connection with this submission.

6.4. FORMAT AND SUBMISSION OF RFI RESPONSES

- 6.4.1. The RFI Response, must be submitted to Transnet by no later than 15 November 2024.

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- 6.4.2. RFI Responses reaching Transnet later than the date specified above may, in Transnet's sole discretion, not be taken into account by Transnet.
- 6.4.3. Responses may be submitted prior to the date specified above.
- 6.4.4. All costs incurred by a respondent in connection to this document and the preparation of its RFI Responses shall be borne by the respondent.
- 6.4.5. The respondent will not have to pay any monies in order to submit a RFI Response in accordance with this document.
- 6.4.6. The respondent is encouraged to submit any additional information that it is of the view would assist Transnet in further development of the Project and the introduction of private sector participation in Blue Train.
- 6.4.7. Copies of the RFI Response:
 - 6.4.7.1. Each RFI Response is required to be delivered to Transnet by way of (one) soft copy of the entire RFI Response, and the documents contained therein must be:
 - 6.4.7.1.1. Emailed to BlueTranRFI@transnet.net in PDF (Portable Document Format) format, or in Microsoft Excel format, version 2007 or later;
 - 6.4.7.1.2. Properly indexed, readable and capable of being opened.
- 6.4.8. Format of RFI Responses:
 - 6.4.8.1. The respondent is requested to complete the RFI response and provide all the information required in terms of this document.
 - 6.4.8.2. The RFI Response can be contained in more than one document and with annexures as the respondent may consider appropriate to provide the information requested in this document. All of the documents comprising the RFI Response must be visible from the index to the RFI.

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6.4.9. Language of the RFI Response:

- 6.4.9.1. The RFI Response and all documents forming part of it shall be in English.
- 6.4.9.2. Any printed literature submitted with a RFI Response may be in another language so long as it is accompanied by an English translation (made by an accredited translator) of the entire document.
- 6.4.9.3. For the purpose of interpretation of the RFI Response, Transnet will rely on the English translation provided.
- 6.4.9.4. All correspondence and any other documentation and oral communication exchanged between the respondent and Transnet shall be in English.

6.4.10. Further Information

- 6.4.10.1. Transnet reserves the right to seek additional information from the respondent regarding its RFI Response, as it may, in its sole discretion, determine, whether such information has been requested under this document or otherwise, and may request the respondent to present supplementary information, in respect of its RFI Response.
- 6.4.10.2. The respondent may, following the submission of an RFI Response, be requested to engage with Transnet and / or other relevant government stakeholders to discuss matters relevant to its RFI Response. Any meetings may take place electronically or at the Transnet office, which is at the following address or any other address that will be communicated:

Transnet SOC Ltd
150 Commissioner Street
Johannesburg
2000

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6.5. CRITICAL DATES

6.5.1. For the purposes of planning, **respondents are required to indicate whether they will be joining the briefing session** as indicated below by emailing their contact details to BlueTranRFI@transnet.net by no later than **09 October 2024 at 12:00 (SAST)**. The briefing session link will be emailed to the respondents who have provided their details.

Item	Date	Address
RFI Issue Date	27 September 2024	
Briefing session	10 October 2024	Online (The link will be shared with respondents who have provided their details)
Pretoria Site Visit	To be confirmed in the online briefing session	To be confirmed in the online briefing session
Cape Town Site Visit	To be confirmed in the online briefing session	To be confirmed in the online briefing session
RFI Closing Date	15 November 2024	BlueTranRFI@transnet.net www.unlockingtransnet.net/the-blue-train-rfi

6.6. CONTACT WITH THE PROJECT OFFICER

6.6.1. All queries, submission and correspondence should be sent to the following e-mail address **ONLY**: BlueTranRFI@transnet.net.

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- 6.6.2. The respondent must give the name and contact details of the person whom it appoints to undertake all contact with the Project Officer in its RFI Response.
- 6.6.3. After the submission of its RFI Response, the respondent may only communicate with Transnet through such person and Transnet shall be entitled, at its sole discretion, to disregard any communication from the respondent, that does not come from such contact person, and that does not go directly to the Project Officer. Once the respondent has been issued with a unique identification number this is to be used in all communications with Transnet.
- 6.6.4. Where engagement is required with the respondent, other representatives of Transnet and the respondent will be requested to be available for such engagement.

6.7. REQUESTS AND CLARIFICATIONS

- 6.7.1. The respondent may request clarification on any item contained in this document by not later than 7 (seven) days before the cut-off date for the submission of RFI Responses specified in paragraph 6.6.1. above.
- 6.7.2. All queries and requests for clarification in respect of this document must be addressed to the Project Officer and emailed to BlueTranRFI@transnet.net. E-mailed or oral requests and queries addressed to persons other than the Project Officer, at the aforementioned address, may not receive a response.
- 6.7.3. Transnet will endeavour in good faith to respond to all reasonable written queries and requests for clarification raised by the respondent.