

South Africa's Rail Reform: A Stock-Take on Institutions, Statute and Access

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Since March 2022 when Cabinet approved the White Paper on National Rail Policy, South Africa has been on a stated path towards opening its heavily indebted single-operator rail network to competition. Four years on, with the National Rail Master Plan (NRMP) having recently completed a public consultation process and Operation Vulindlela's latest quarterly report tracking progress, it is a useful moment to take stock not only of what has changed, but of what still needs to happen before that change is legally locked in.

Three questions are essential. First, is the institutional architecture government has designed for the sector fit for purpose, and can it be built in time? Second, does rail yet have anything resembling the dedicated statutory backbone that the Electricity Regulation Act gives the electricity sector, or is reform still running on policy documents and administrative goodwill? And third, when private capital is finally let onto the network, is it being let onto the lines that matter or only onto the ones Transnet no longer wants?

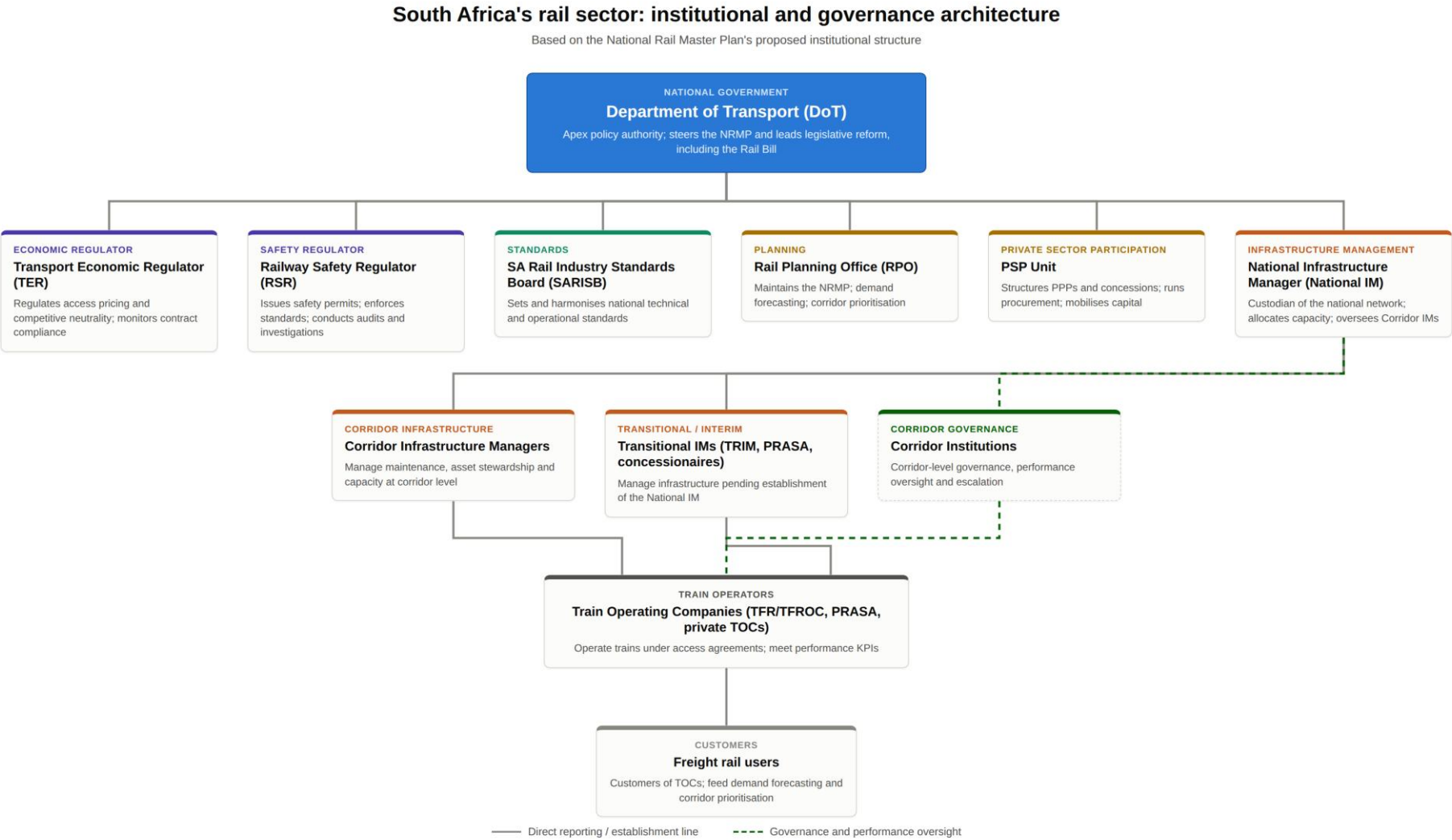
The short answer is that institutional design has outpaced statute, and access has so far been offered mostly where Transnet loses little by offering it.

Institutional reform: a clearer shape, but an ambitious one

For much of the reform process, the harder institutional question was less “what” than “who” - which body would ultimately hold which power. That question has now been answered, at least on paper. The NRMP released in draft for public comment on 23 April 2026 alongside a R2-trillion investment case for restoring rail as the economy's “backbone” by 2050, sets out a full institutional and governance map - different institutions responsible for setting national policy, economic and safety regulation, technical standards, planning, infrastructure management, corridor-level governance and train operations are each given a home. A condensed version of that map showing the Department of Transport at the apex with the regulators and other institutions arranged beneath it, is set out in Figure 1.

Some of that map is already being built. Transnet's rail infrastructure business has operated as a distinct ring-fenced unit publishing its own Network Statement and administering access agreements since April 2025. Operation Vulindlela's Q1 2026 progress report confirms the next legal step. Transnet has submitted a PFMA pre-notification application to establish the Transnet Rail Infrastructure Manager (TRIM) as a separate subsidiary, formally separating infrastructure from operations. It is a necessary move and measured against the White Paper's 2022 call for exactly this kind of unbundling, one that has taken markedly longer than “two years behind schedule” suggests. On a straight count from Cabinet's approval of the White Paper, it is now more than four years.

Figure 1: NRMP institutional and governance architecture for South Africa's rail sector (condensed)



The clarity in the NRMP is undeniably welcome. What is less certain is whether the model itself is right-sized for South Africa. The NRMP's institutional architecture of a national regulator, a safety regulator, a standards board, a planning office, a PSP unit, a national infrastructure manager, corridor-level infrastructure managers and corridor governance bodies, layered on top of the train operating companies themselves reads like the product of a deliberate reaction against decades of an opaque, vertically integrated monopoly. That reaction is understandable. But a leaner architecture might achieve the same liberalisation objectives faster and at lower cost. Each of these bodies has to be capacitated, largely from a South African skills market that is already stretched, and each has to be funded with the practical likelihood that network users, through access charges, end up carrying much of that cost. The NRMP itself envisages a five-year build-out for this architecture. Given that the Master Plan containing that timeline is still in public consultation, and that TRIM's own subsidiarisation has only just reached pre-notification stage, five years should probably be read as a floor rather than a ceiling.

Statutory reform: rail's Electricity Regulation Act moment hasn't arrived

Put the rail sector next to the electricity sector and the gap is stark. Generators, distributors and network operators in the electricity sector have operated for two decades under the Electricity Regulation Act, with NERSA as an established, sector-specific economic regulator applying a known licensing and third-party access regime. Rail has no equivalent yet. The statutory framework actually in force is still, in substance, the Legal Succession to the South African Transport Services Act of 1989. This is the same Act that vested the old SATS' rail, port and pipeline assets in Transnet on its creation, and that has underpinned Transnet's effective monopoly ever since. The timeline alongside sets out how that framework has evolved since.

Three statutory instruments were meant to change that picture and all three remain incomplete. The Railway Safety Act, assented to in December 2024, commenced in August 2025 but its key licensing and enforcement provisions are still held back, with public comment on the implementing regulations only closing at the end of August 2026.

The Economic Regulation of Transport Act promulgated in June 2024, has come into force in two staggered tranches (April 2025 and April 2026) but Chapter 2, the chapter that governs rail access, is still not proclaimed. And the National Rail Bill, the instrument that would give the Department of Transport, the PSP Unit and a national infrastructure manager their statutory powers, has not yet reached Cabinet, let alone Parliament. Minister Barbara Creecy has indicated she expects Cabinet approval within the 2026/27 financial year. Only then can the Bill be tabled in Parliament, at which point given the scale of stakeholder interest, an extended and possibly multi-round public participation process is likely. If the Economic Regulation of Transport Act's own trajectory is any guide (it was introduced to the National Assembly in 2020, only fully promulgated in 2024, and still not fully in force two years after that) “years” rather than “months” is the realistic planning assumption for the National Rail Bill too.



There is one piece of very good news on the regulatory side. The Q1 2026 Operation Vulindlela report confirms the Transport Economic Regulator entered its initial phase of operation on 1 April 2026, with full operation expected from 2027/28. That matters because right now, the Rail Access Agreements concluded in May 2026 with 11 private train operating companies under Network Statement Version 3 sit entirely outside any sector regulator's oversight. They are governed purely by the ordinary principles of contract law, with no independent body to test whether TRIM's tariff methodology or slot allocation system is fair as between competing operators. Once the Transport Economic Regulator is fully operational, that gap closes. Until then, access seekers are in effect taking TRIM's commercial terms on trust.

The practical consequence is straightforward-until the National Rail Bill is enacted, Transnet remains the only entity with statutory power to procure private sector participation on the rail network. Everything else from the PSP Unit, the NRMP to the institutional architecture currently operates in the space Transnet chooses to leave for it.

A coordinated programme of concessions: pipedream or possibility?

That last point runs straight into the third question. Government has (on paper) committed to opening the network to private capital. In practice, that commitment currently runs on two separate, imperfectly coordinated tracks.

On one track sits the specialised PSP Unit established jointly by the Department of Transport, National Treasury and the DBSA to run a coordinated national programme of private sector participation. The PSP Unit is the rail sector analogue of the IPP Office that has driven renewable energy procurement. On the other track sits Transnet itself, which remains the only entity with the statutory power to actually contract with the private sector on its own network, and which has understandably focused that power where it is most useful to Transnet: third party access agreements on the core network, rather than a broader concessioning programme. Until the National Rail Bill vests the PSP Unit's mandate in a body with the legal standing to run procurement independently of Transnet's consent, a "coordinated national programme" is aspirational rather than actual.

The funding case for moving faster is not in dispute. Transnet's own figures point to a maintenance backlog north of R100 billion, a rolling-stock deficit running into thousands of wagons and well over a hundred locomotives, and a balance sheet (roughly R145 billion of debt) that leaves little room to borrow its way out. Ratification of the Luxembourg Rail Protocol which should ease access to international rollingstock financing and a Request for Proposals for a rollingstock leasing company are useful steps, but they do not substitute for infrastructure investment at scale, which is exactly where concessions are meant to help.

Set against that backdrop, TRIM's Request for Information issued on 12 August 2026 testing interest in refurbishing, financing, operating, maintaining or concessioning roughly 9,098km of the low-density "B-Network" of feeder and branch lines with responses due by end September 2026 is a genuine, if modest, step forward and sits alongside a separate RFI process the Department of Transport opened in October 2025 to test private appetite for passenger rail. Both are worth watching but both, notably, apply to network Transnet does not particularly want. Previous attempts to concession these lines stalled over exactly the deterioration and rehabilitation cost that makes them unattractive to Transnet in the first place, and the NRMP itself anticipates the overall network shrinking so that Transnet can concentrate resources on its strategic profitable corridors. On those corridors (the ones worth having) private sector participation beyond third party access does not currently feature in Transnet's own planning.

It is worth comparing this to how the ports side of Operation Vulindlela's freight logistics reform has moved. Transnet National Ports Authority awarded a 25 year concession over Durban Container Terminal's Pier 2 to International Container Terminal Services Inc in December 2025 (roughly R11

billion committed, lifting capacity from 2 million to 2.8 million TEUs), and issued a tender for a 25 year concession over Cape Town's multi-purpose terminal in July 2026, with bids due in November. TNPA is also being corporatised on a model that mirrors TRIM's. Private operators already run 78% of terminal capacity across 82 existing lease agreements. Ports reform, in other words, has reached the point of concessioning truly commercial assets years before rail has managed the equivalent for anything beyond its margins.

Where this leaves the stock-take

Operation Vulindlela's own scorecard is a fair summary of where things stand. Its Q4 2025 report classified 60% of freight logistics reforms as “delayed or off track, but underway,” with only 40% as “on track” and none as complete. The Q1 2026 report shows real forward movement. Rail Access Agreements are concluded, TRIM's PFMA application is filed, the B-Network RFI is issued, the Transport Economic Regulator's initial phase has begun, but the pattern across these workstreams is the same: implementation is happening, but it is consistently slower than the timelines originally set for it.

For those tracking the sector, the markers worth watching over the next twelve to eighteen months are the National Rail Bill's progress to Cabinet and then Parliament, the Transport Economic Regulator's move to full operation in 2027/28, the responses to the B-Network RFI due at the end of September 2026 and the one that will really test whether this is reform or rearrangement, whether any part of Transnet's profitable core network is ever put on the table for private sector participation beyond third party access. Institutional design has credibly moved ahead of where it stood even a year ago. The statutory framework needed to give that design legal force and the willingness to extend access beyond the network's margins, have not yet caught up.

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