

Transnet Group of Companies

Date issued: 28 July 2026

About the Institution

The Transnet Group of Companies (Transnet) is a major public entity responsible for operating the country’s rail network, ports and pipelines.¹ Transnet reports to the Minister of Transport, and the Transnet Board is the accounting authority. The Transnet Group’s net operating expenses for 2024/25 were R52bn, while capital expenditure increased to R24bn, driven by infrastructure investment and asset renewal.²

In June 2021, it was announced that the Transnet National Ports Authority (TNPA) would be separated into an independent subsidiary with its own Board; however, the full legal and operational process is still underway.

Flag Status

1	2	3	4	5	6	7	8	9
								
Improper appointments	Co-opting key functions	Climate of fear or favour	Corrupt awards	Financial malpractice	Obstructing accountability	Manipulating perceptions	Private gain	Shadow network

ISS Analysis

- ACTis has raised two flags for Transnet and placed two under monitoring.
 - Transnet remains vulnerable to state capture risks, given its recent history, the size of its resources, and lingering financial weaknesses despite reform efforts.
 - Governance concerns include weak financial controls, inadequate oversight and limited consequence management. These weaknesses can enable procurement irregularities, fraud and potentially corrupt contracts.
- Persistent irregular expenditure, recurring audit findings, high debt, credit rating downgrades and concerns about financial sustainability indicate weaknesses in oversight and accountability, which can enable corruption and hinder recovery from the legacy of state capture.³ However, ongoing audits, investigations, disciplinary action, court proceedings and reform measures suggest that accountability mechanisms remain active despite ongoing vulnerabilities.

- Allegations of intimidation and the suppression of supplier whistleblowers by Transnet officials reflect a climate of fear or favour at the organisation.
- Given Transnet's central role in South Africa's economy and regional supply chains, weak governance and inadequate financial sustainability could have significant economic impacts nationally and regionally.

Findings

Flag #1

Improper Appointments



The flag is being monitored for a pattern of executive management appointments in which the individuals concerned were involved in wrongdoing.

- TNPA Chief Executive Officer (CEO) Pepi Silinga left the company 'by mutual agreement' on 16 July 2025, after his precautionary suspension over a disputed R300m tender. The departure followed a private arbitration settlement between Silinga and Transnet, under which both parties agreed to resolve the dispute without admitting wrongdoing. Advocate Phyllis Difeto is acting as CEO until a permanent replacement is appointed.⁴
- In March 2026, following internal investigations across two operating divisions, Transnet suspended nine employees found to have colluded with suppliers.⁵

Flag #3

Climate of Fear or Favour



The flag is raised due to an assassination linked to a Transnet contract.

- Allegations of suppressing and intimidating whistleblowers have been reported in the Transnet Freight Rail (TFR) division.⁶
 - The employee of a TFR supplier was assassinated in connection with a supply contract. QTech supplied metal springs to SK Group, which significantly inflated the price before selling them to Transnet.⁷ A QTech employee reported this to Transnet, which launched an investigation (see Flag #4: Corrupt Awards). When Transnet investigators pressured Lucky Molefe, a Transnet buyer responsible for specialised procurement, to produce documents showing the inflated prices, he allegedly sought help from his uncle, Katiso Molefe. Katiso Molefe allegedly arranged for a hitman to kill the QTech employee who had flagged the irregularities.⁸ QTech engineer Armand Swart was misidentified as the whistleblower and killed in April 2024.⁹ Lucky Molefe has reportedly been on the run since December 2024.¹⁰



Flag raised



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Under monitoring

- In 2021, a former TFR project manager alleged that he was victimised and fired after whistleblowing that Transnet intellectual property worth R442m had been leaked to Fidelity Security Services. The project manager led a team that developed anti-theft technology. After he reported that the technology had been leaked, he was suspended and later dismissed for serious misconduct and dishonesty. Transnet conducted two lifestyle audits on him, raised potential conflicts of interest, and questioned his rapid bond repayments and unexplained large cash deposits. The project manager has lodged a formal complaint with the Public Protector.¹¹
- Transnet's 2024/25 Annual Financial Statements noted that the Auditor-General of South Africa (AGSA) found little consequence management for some officials who had incurred or permitted fruitless and wasteful expenditure and/or irregular expenditure.¹²

Flag #4

Corrupt Awards



The flag is being monitored for signs of repeated irregular contract awards to the same beneficiaries or involving the same *modus operandi*, where no action has been taken.

- In 2023, Lucky Molefe reportedly influenced the award of a R1.2m TFR contract to SK Group, according to testimony at the Madlanga Commission.
 - Lucky Molefe allegedly acted in his official capacity as a buyer to play a central role in facilitating the tender process.¹³ He reportedly documented two non-existent companies as SK Group's competition in the tender process.¹⁴
 - Once awarded, the money paid to SK Group was allegedly transferred to the account of Thapelo Molefe, Katiso Molefe's son and Lucky Molefe's cousin, who paid the SK Group director 2.5% of the contract's worth.¹⁵
 - Long-standing Transnet supplier, QTech, exposed a suspected procurement scheme in which SK Group allegedly purchased metal springs from QTech for as little as R3.90 each and resold them to Transnet at an inflated price of R151 each.¹⁶
 - A whistleblower reported this irregularity to the Department of Public Enterprises, which instructed Transnet to launch an internal investigation. On 12 April 2024, Transnet investigators demanded documents related to the tender from Lucky Molefe. On 17 April, Swart, mistakenly identified as the whistleblower, was assassinated. Lucky Molefe reportedly fled the country (see Flag #3: Climate of Fear or Favour).¹⁷
- A 2020 Special Investigating Unit (SIU) investigation revealed that five irregular contracts worth R160m were awarded to IGS Consulting Engineering (IGS) between May and



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Under monitoring

August 2015. The contracts were found to be non-compliant with supply chain management regulations.

- Former Transnet Group Capital CEO Herbert Msagala allegedly received R26m in kickbacks from Sipho Victor Sithole, the sole director of IGS. Msagala used the money to purchase vehicles and properties. The SIU referred Msagala for disciplinary action on 18 March 2020, and he was dismissed on 9 July 2020. In August 2021, the SIU's Special Tribunal ordered that R26.4m be recovered from Msagala. He is currently facing charges of fraud, corruption and money laundering.¹⁸
- Former Transnet Pipelines Project Manager Phumlani Kubheka allegedly approved the five contracts in May 2015, despite knowing that IGS lacked the required qualifications to carry out the work and did not have the required professional grading with the Construction Industry Development Board. In November 2024, he appeared in court on charges of corruption and fraud and was released on bail.¹⁹
- In December 2019, all five contracts with IGS were cancelled following a High Court ruling that the contracts were unlawful.²⁰
- In July 2026, the National Treasury blacklisted seven companies after an application brought by the Transnet Ports Terminal (TPT) division. These included Dakalo Holdings, Dispo Products, ILT Group, Nqabele Projects and Investments, and Philasande Tyre Corporation. This followed an SIU investigation that had identified irregularities including corruption, bribery, fraud, theft and financial misconduct.²¹

Flag #5

Financial Malpractice



The flag is raised due to significant financial and governance challenges.

- In 2024/25, Transnet's debt reached R144.8bn across long-term and short-term borrowings, with liabilities of R232.5bn.²² In 2025, the AGSA flagged a material uncertainty regarding Transnet's ability to continue as a going concern.²³ In July 2025, S&P Global, a credit ratings company, downgraded Transnet's credit rating from 'BB-' to 'B+', taking it further below investment grade status.²⁴ S&P Global cited 'unsustainable capital structures, high debt levels, and significant negative free operating cash flow', as well as Transnet's increased reliance on government support.²⁵ In a report to the Standing Committee on Public Accounts in March 2026, Transnet outlined plans to reduce its debt to R107bn over the next five years.²⁶



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Under monitoring

- The AGSA identified several material findings in 2024/2025, including findings on compliance with legislation, procurement, expenditure management and consequence management.²⁷
- In March 2025, the AGSA noted that appropriate steps had not been taken to prevent irregular expenditure, the majority of which had been caused by non-compliance with procurement processes and legislation. In 2024/2025, irregular expenditure amounted to R3.1bn, almost 4% of expenditure for the year. Cumulative irregular expenditure reached R14bn, 18.4% of total expenditure, while cumulative fruitless and wasteful expenditure reached R466m.²⁸
- The AGSA highlighted weak internal controls over the preparation and review of financial and performance reports, resulting in material misstatements in the submitted financial statements and annual performance report. This was a repeat of the previous year's findings. The AGSA raised concerns that management still appeared to rely on audit corrections rather than implementing proper financial discipline and controls.²⁹



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Under monitoring

Recommended Actions

	DUTY BEARER	ACTION(S)	ASSOCIATED FLAGS
1.	Transnet Group Board and Executive Management	- Enforce consequence management for those responsible for fruitless and wasteful, as well as irregular, expenditure. - Work with the AGSA to ensure all material findings are addressed, especially where there are weak internal controls and high levels of irregular expenditure. - Strengthen whistleblower protection mechanisms, including confidential reporting channels and protection against retaliation.	Flag #5: Financial Malpractice
2.	Auditor-General of South Africa	Focus on TFR and TNPA contract awards, especially for engineering contracts and part supplies.	Flag #4: Corrupt Awards
3.	Standing Committee on Public Accounts	Monitor procurement reforms, debt reduction commitments and implementation of corrective actions arising from audit findings.	Flag #5: Financial Malpractice



Flag raised



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Under monitoring

The 9 Flags

Flag #1

Improper Appointments

Improper appointments, dismissals or failure to remove individuals in senior positions may be used to drive a corrupt agenda.

Flag #4

Corrupt Awards

Contracts, licences, partnerships, loans and/or investments may be awarded irregularly and repeatedly benefit the same actors.

Flag #7

Manipulating Perceptions

A public narrative that frames misconduct as innocence may be promoted.

Flag #2

Co-opting Key Functions

Informal control may be established over critical functions within the institution to abuse them.

Flag #5

Financial Malpractice

The institution's financial management practices may be abused to advance a corrupt agenda.

Flag #8

Private Gain

Illicit gains may be distributed to benefit the same actors.

Flag #3

Climate of Fear or Favour

The working culture favours loyalty over duty; alignment with a corrupt agenda is rewarded, and resistance is punished.

Flag #6

Obstructing Accountability

The institution's internal operations might be deliberately obscured to hide potential misconduct.

Flag #9

Shadow Network

The same public and private actors may collude to gain control over an institution's assets and functions, benefiting repeatedly.

About ACTis

What is ACTis?

The Anti-Corruption Tracker Information System is an initiative of the Anti-Corruption and Accountability Project at the Institute for Security Studies. It provides analysis on corruption and state capture in South Africa, to inform early intervention and enforcement. It utilises a system of indicators and an AI-driven data-collection and analysis tool, validated by human experts. It identifies risks within individual government institutions and produces actionable recommendations to address them, with a view to disrupting patterns of state capture and corruption.

Findings are shared directly with government and other duty-bearers, civil society organisations, the media and the public, empowering authorities to intervene, strengthening accountability, and enabling citizens activism.

Links to ACTis Information:

Further project information may be found at the following links:

[Terms and Definitions](#)

[Project Methodology and Analytical Framework](#)

[About the Anti-Corruption and Accountability project](#)

[About the Institute for Security Studies](#)

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Under monitoring

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Under monitoring