

Addressing the Crisis in Johannesburg

Data and analysis

25 June 2026



This is Johannesburg

The **City of Johannesburg Metropolitan Municipality** is a political and administrative entity spanning from Midrand in the north to Orange Farm in the south, and Eastgate in the east to Roodepoort in the west.

A Metropolitan local government, one of eight in South Africa and three in Gauteng. Metros have Executive Mayors with substantial powers.

Population of 6m people, 70% of SA company head offices, 16% of national GDP.

Key hub for financial services, trade, retail, logistics, property, ICT, mining, conferencing, professional services, health, education, research and regional integration.



This is not Johannesburg's first major setback, but this crisis is deeper, more complex and more difficult to address



1997 Crisis

In 1997, the City was effectively **bankrupt** and unable to pay its creditors. This was due to overspending, poor collections, and a weak administrative and institutional structure.

The national government and ruling party recognised the crisis and stepped in with **new leadership, a national loan, and the requirement for a major restructure**. A new Mayor, City Manager, and CFO were carefully selected.

The **iGoli strategy was put in place by the City which created new entities** (City Power, Joburg Water and others entities) and a new approach to billing and planning.



2000-2016

Capital spending increased dramatically, ambitious programmes of regeneration and institutional reform took place, and serious attempts were made to address the Apartheid spatial inequality legacy.

However, these efforts were undermined by growing corruption in the latter part of the period, especially in particular municipal entities. This led to a decline in service delivery, the departure of several key officials and a growing inability to deal with the challenges facing the City.

The City also decided not to fully implement its iGoli strategy and crucially, **not to ring-fence the two utility companies**, City Power and Joburg Water.



2016-Present

The period since 2016 has been **characterised by political and administrative chaos**, with eight mayors in ten years and constantly shifting political coalitions.

The City has been carved up and centres of power distributed between different parties and individuals. There has been an **exodus of skilled personnel**.

Criminal syndicates are embedded in the City and reportedly linked to political and administrative figures. This impacts on procurement, budgeting and hiring. Many functions have been re-organised to generate personal gain.

The chaotic state of governance and services is in sharp contrast to the city's vibrant business, arts, civil society and community environments

Innovative, productive, well-connected and diverse business community with many successful companies in both the formal and informal sector

Sustained innovation in property, retail and services which responds to new conditions and challenges

Active and varied civil society and community sector

Strong creative community, strong and independent media

No shortage of active citizens and institutions and willingness to assist

Many major new businesses created in past 30 years, a number of which have achieved international reach

2. State of the City

Current State of the City

1

Political

- Unstable, and subject to frequent changes in leadership
- Power is secured by trading portfolios on the Mayoral committee for support
- This has given small parties extreme leverage and allowed appointment of executive mayors who have less than 1% electoral support

2

Financial

- The budget is heavily skewed to operating expenditure and especially personnel
- Only 10% of the R80bn budget is capital (including national infrastructure grants)
- There are significant billing problems and interference
- Declining rates of collection and R61bn debtors book

3

Criminal Activity

- Extensive criminal syndicates operating in procurement, billing, hiring, building permissions, theft of infrastructure and supplies
- Positions on the Mayoral committee come with the opportunity to control the budget and procurement of that function and its entities. Boards appointed accordingly
- Entities 'given' to individuals or parties

4

Institutional

- The iGoli structure has been maintained with 13 entities, but no ring-fencing and therefore limited accountability. Boards often implicated in corruption.
- Originally envisaged as independent, professional companies but many have become spheres of political and criminal influence

Current State of the City

5

Power

- Huge backlogs of infrastructure investment and maintenance
- Large number of illegal connections and cable theft
- Billing and collections controlled by the City, rather than City Power
- Used to be a source of profit now significantly loss-making
- Loss of skilled personnel
- Under-investigation of large-scale corruption

6

Water

- Considered to be the best-run of Joburg's entities, but desperately short of capex
- Profitable, but revenue is diverted to other functions
- Stronger skills base than other entities
- Requires massive injection of capital

7

Property Development
Authorisation (Town Planning)

- This system provides authorisations for new builds and renovations, and retains property records
- Has become chaotic with significant corruption
- Closure of Metro centre has hobbled the function
- Property records in chaotic and unprotected state, and many are lost
- Difficult to attain permission for property investments

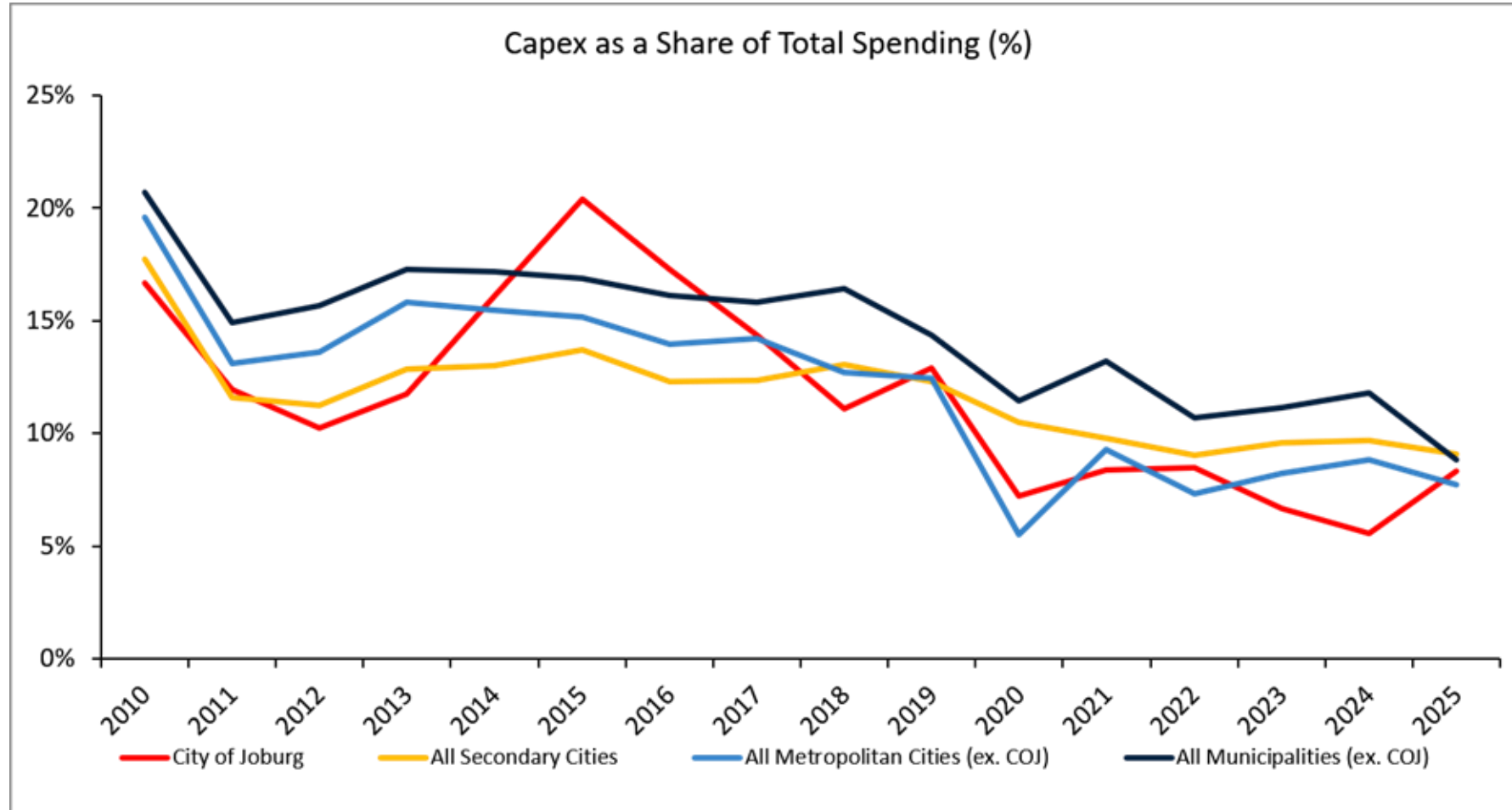
8

Inner City

- Infrastructure (water, sewer, electricity, roads, taxi ranks, bridges) require major capex
- Heritage buildings in disrepair
- Government owned property (e.g., Kopanong Gauteng province) empty and in disrepair
- Was sustained by affordable rental developers for decades, but this industry is now declining
- Insurance now difficult to attain and expensive
- Hijacked buildings unresolved

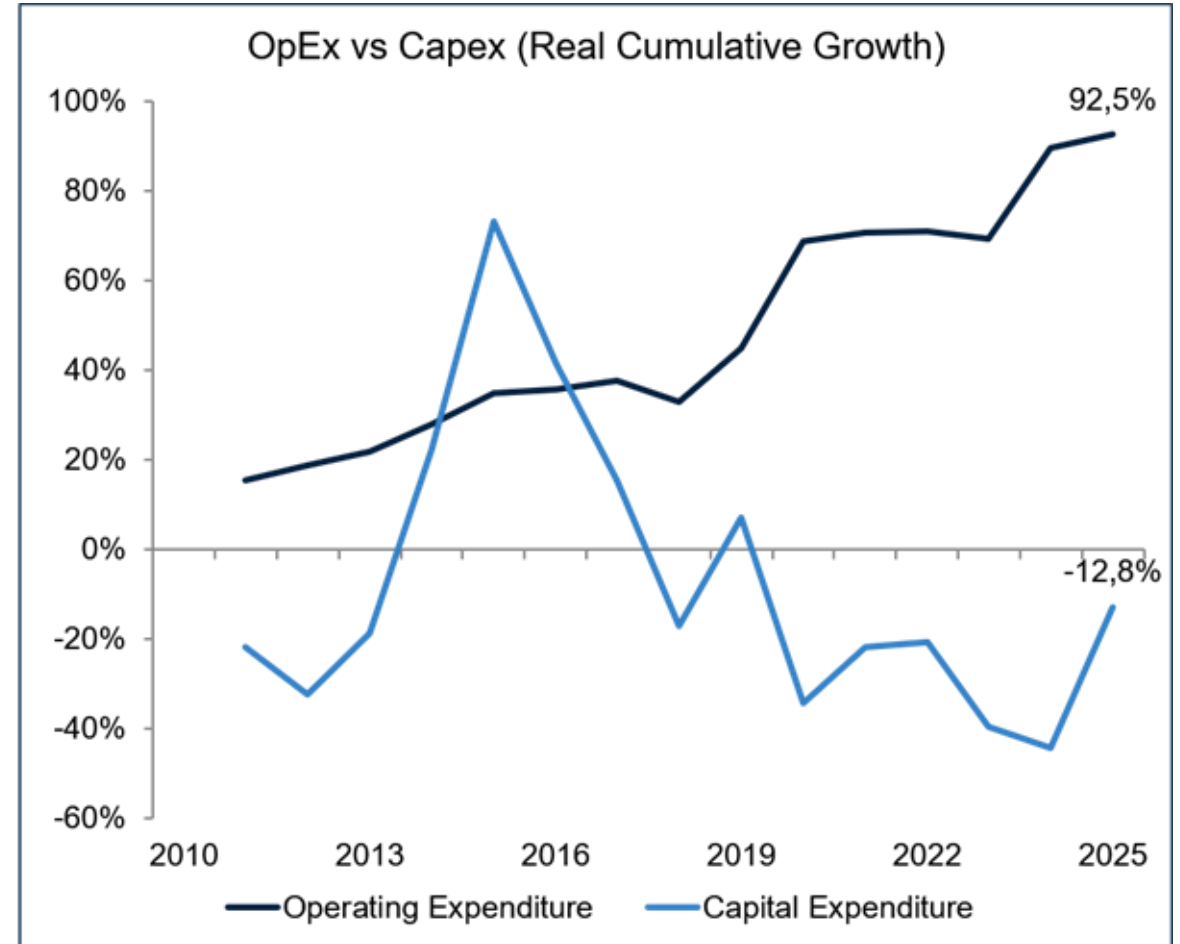
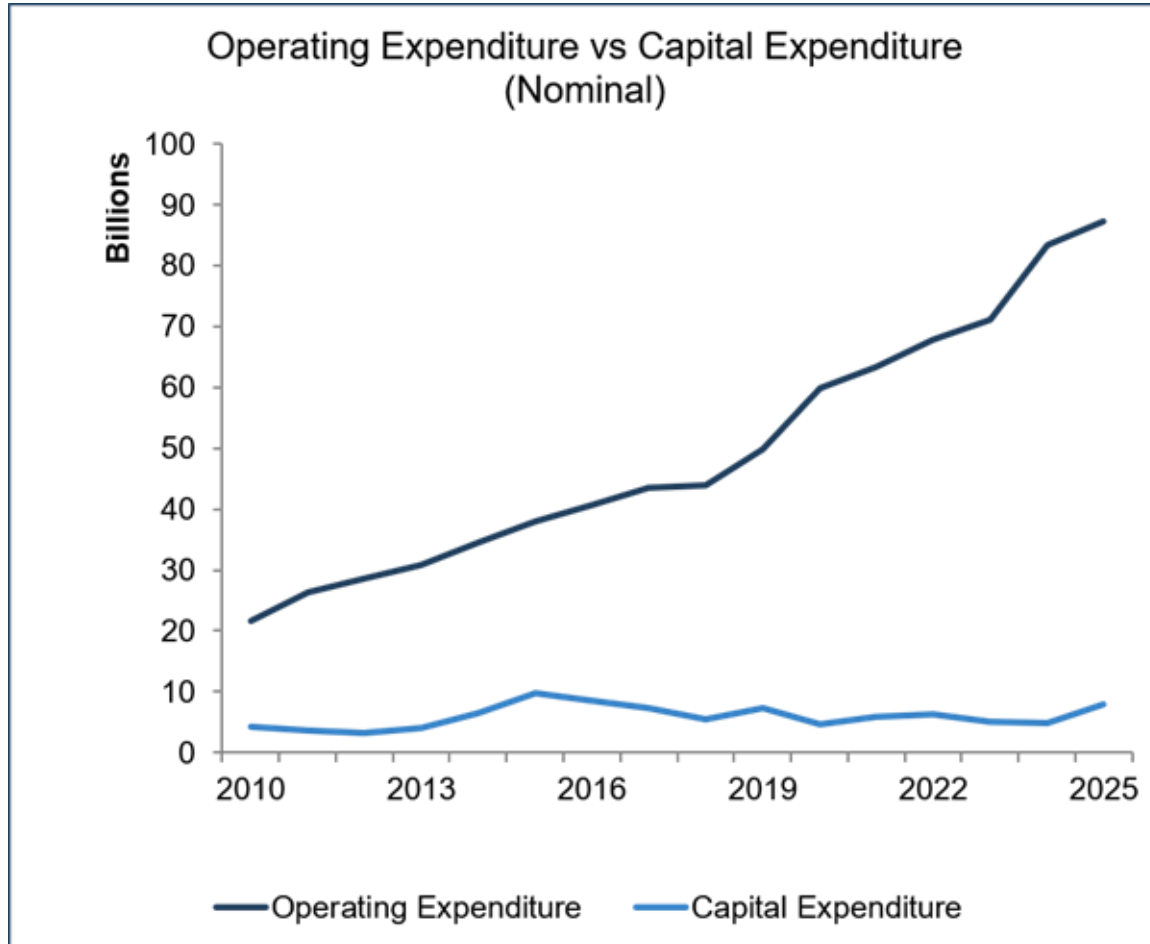
Current State of the City

Capex has declined as a share of total spending across all municipality types, with the City of Joburg falling from ~17% in 2010 to ~7% in 2025



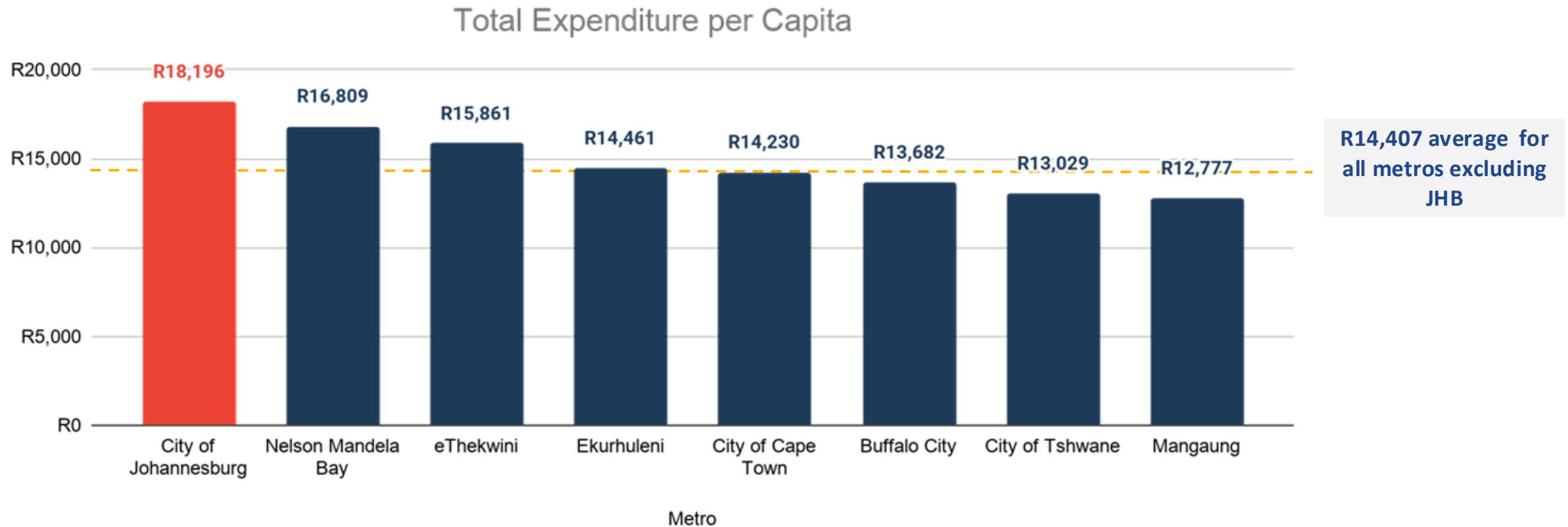
Current State of the City

In real terms, operating expenditure has grown by 92.5% since 2010, while capital investment has contracted by 12.8%, a widening structural imbalance that threatens long-term service delivery



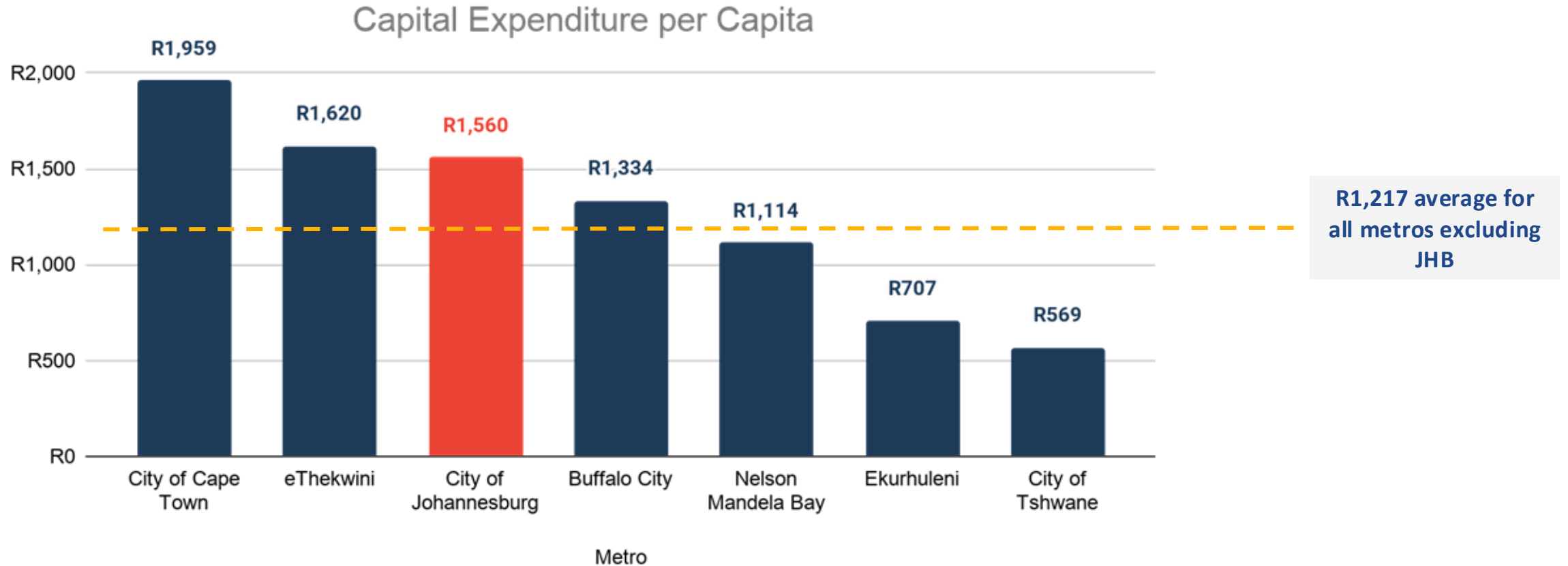
Current State of the City - High Operational Costs

The City of Johannesburg significantly outpaces all other metros in total expenditure per capita.



Current State of the City - Per capita capital Investment is low

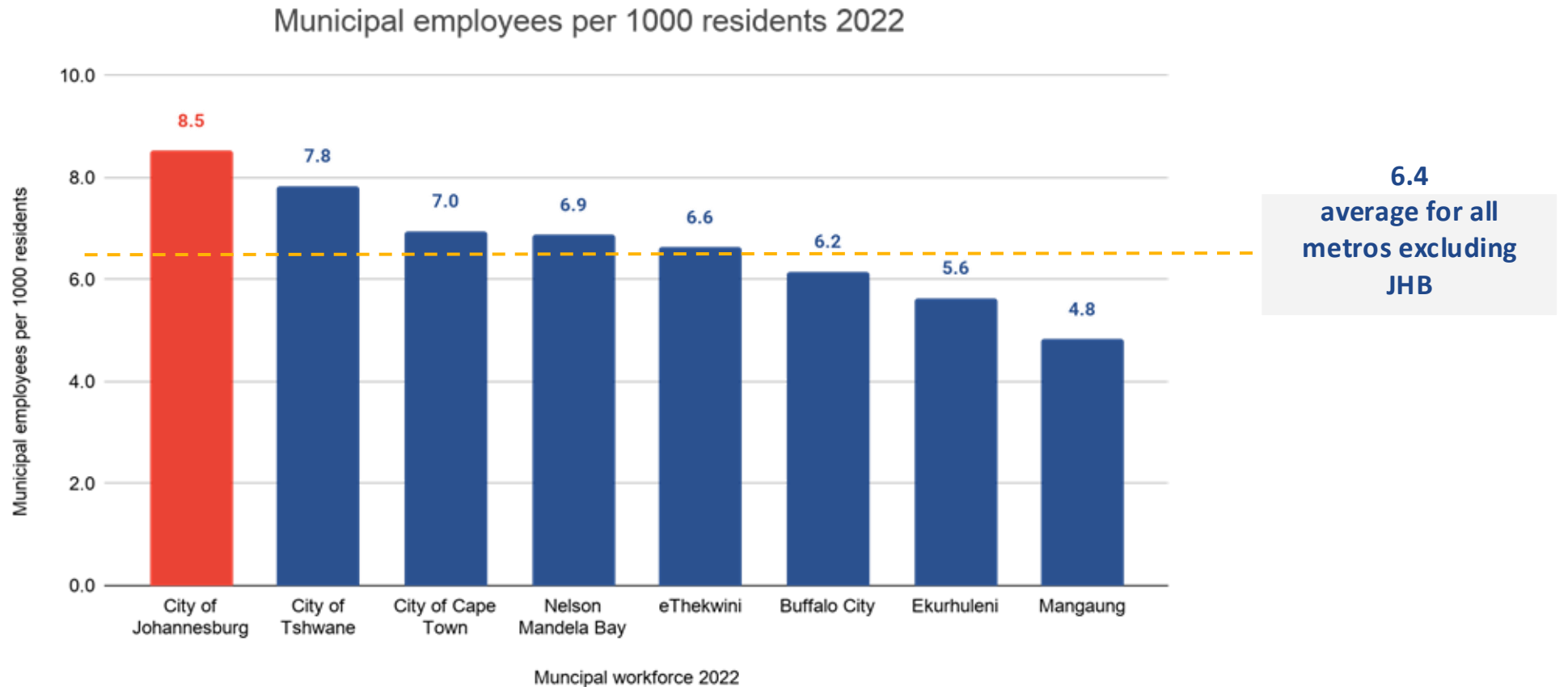
The City of Johannesburg trails the City of Cape Town and eThekweni in capital expenditure per capita despite its scale



Note: Mangaung excluded due data unavailability

Current State of the City - number of municipal employees

Johannesburg has the highest number of municipal employees per 1000 residents

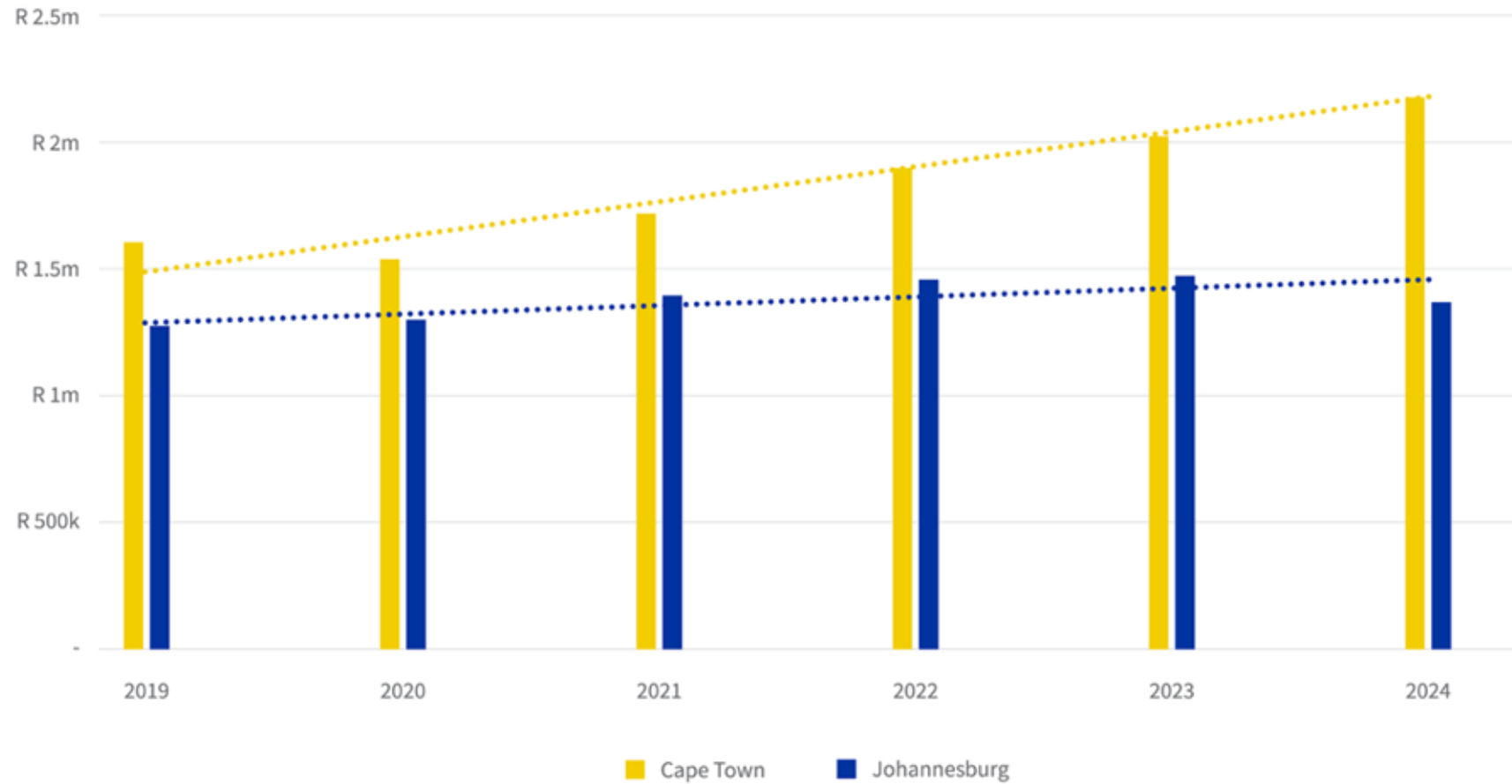


Note: Update figures not available: - based on Stats SA data which has not been repeated in this form

Source: Genesis Analytics (2026) based on data from Stats SA

Trends in property sales and prices- Johannesburg and Cape Town

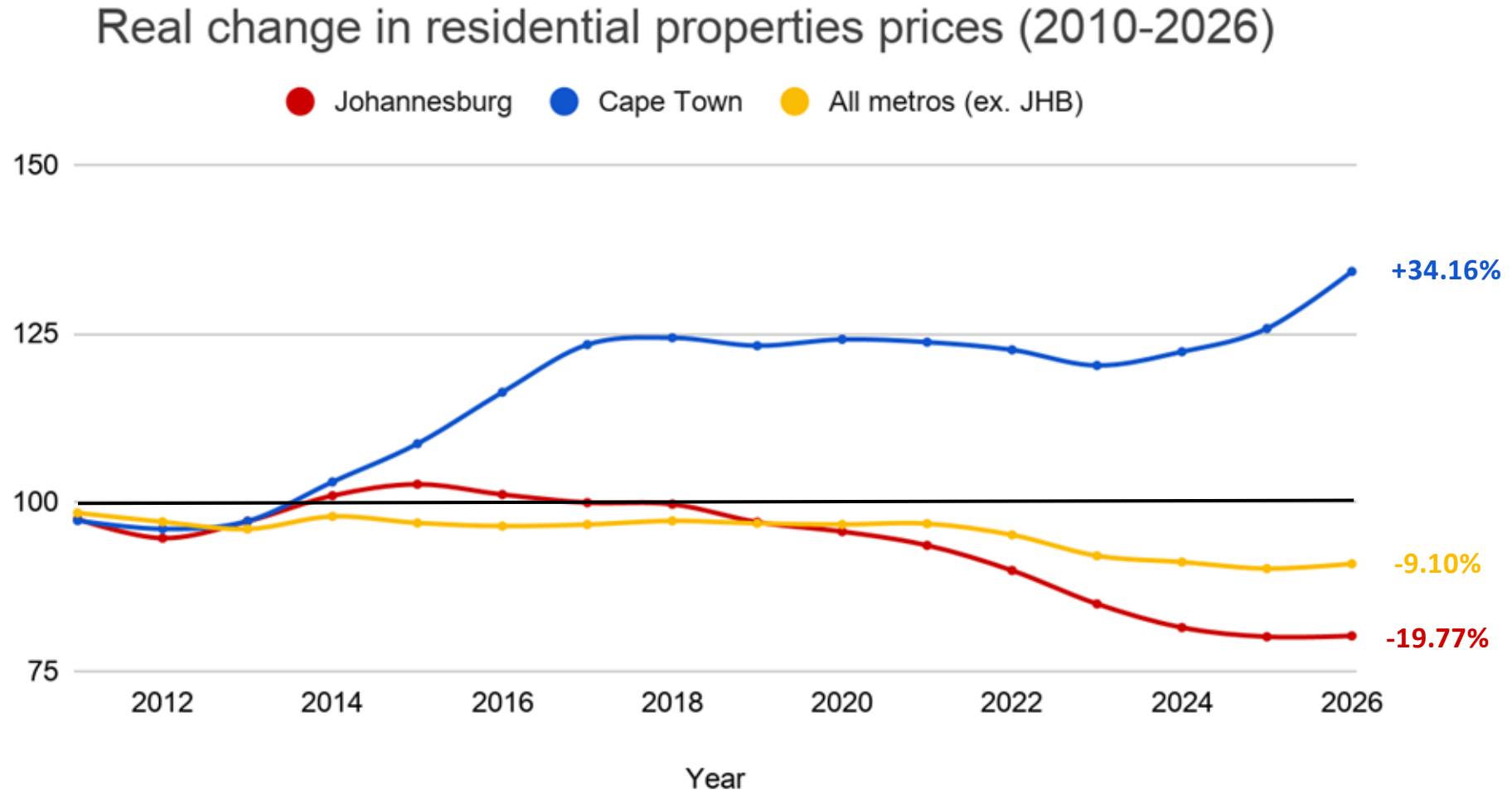
Average price for residential properties sold: 2019 - 2024



Source: Lightstone (2025)

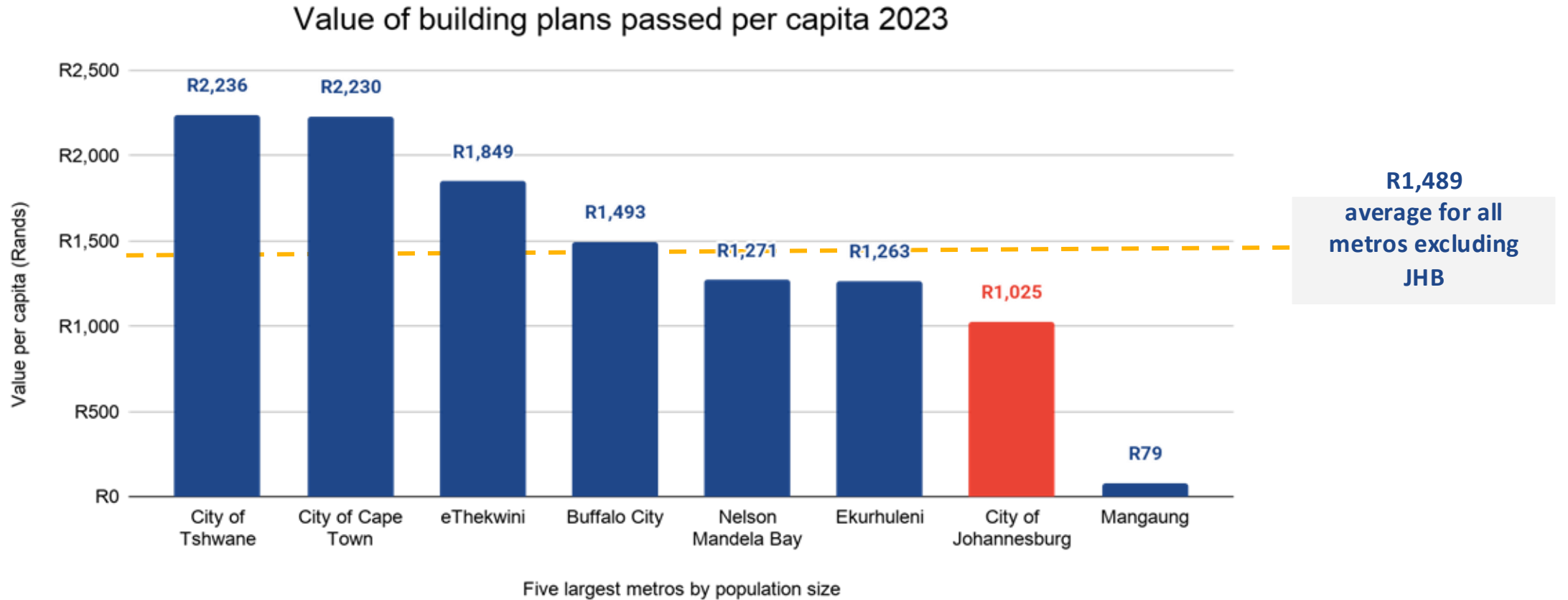
Current State of the City - eroding property values

Johannesburg's residential properties prices have declined in real terms since 2010



Current State of the City - weak property investment

The value of building plans passed per capita in Johannesburg lags behind the large metros

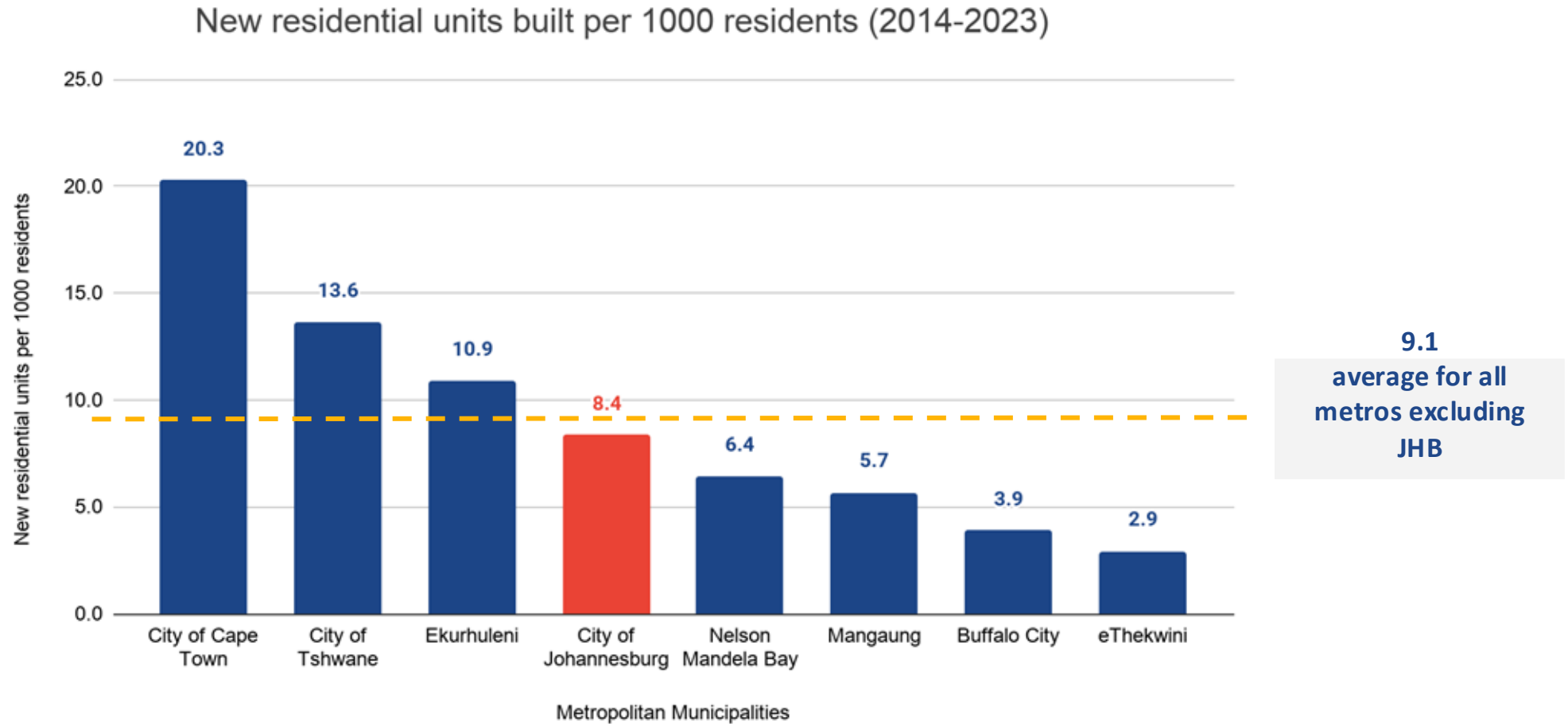


Note: Update figures not available: - based on Stats SA data which has not been repeated in this form

Source: Genesis Analytics (2026) based on data from Stats SA

Current State of the City - weak property investment

Fewer residential units were built by the private sector per capita in Johannesburg than in many of the large metros

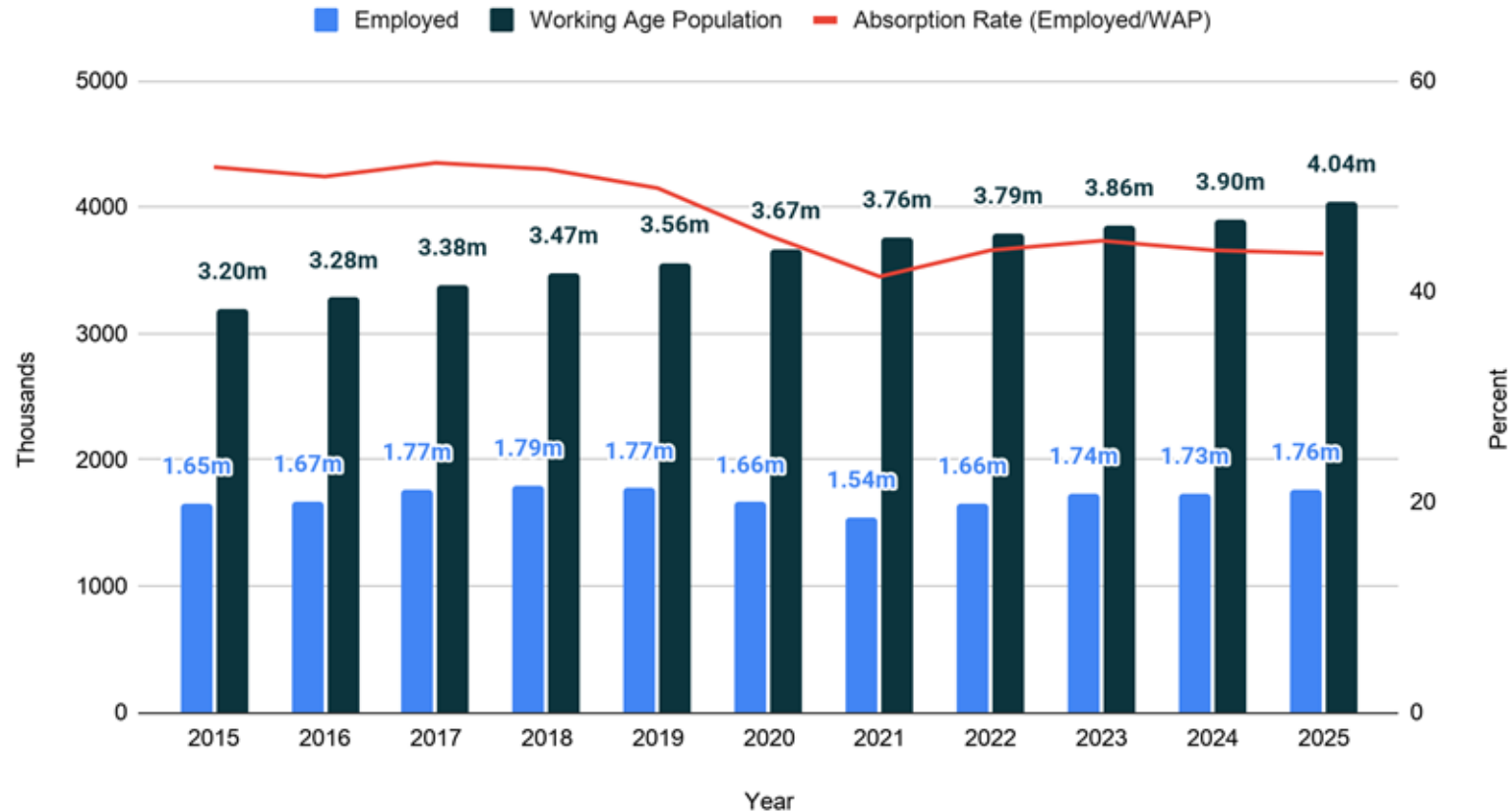


Note: Update figures not available: - based on Stats SA data which has not been repeated in this form

Source: Genesis Analytics (2026) based on data from Stats SA

Current State of the City - Job creation has stalled

Number of Employed Individuals vs Working Age Population City of Johannesburg



Johannesburg

Over the past 10 years, **total employment in Johannesburg has increased by only 108k**, while the working age population has increased by 847k, leading to the **labour absorption rate falling by 8.2 percentage points**

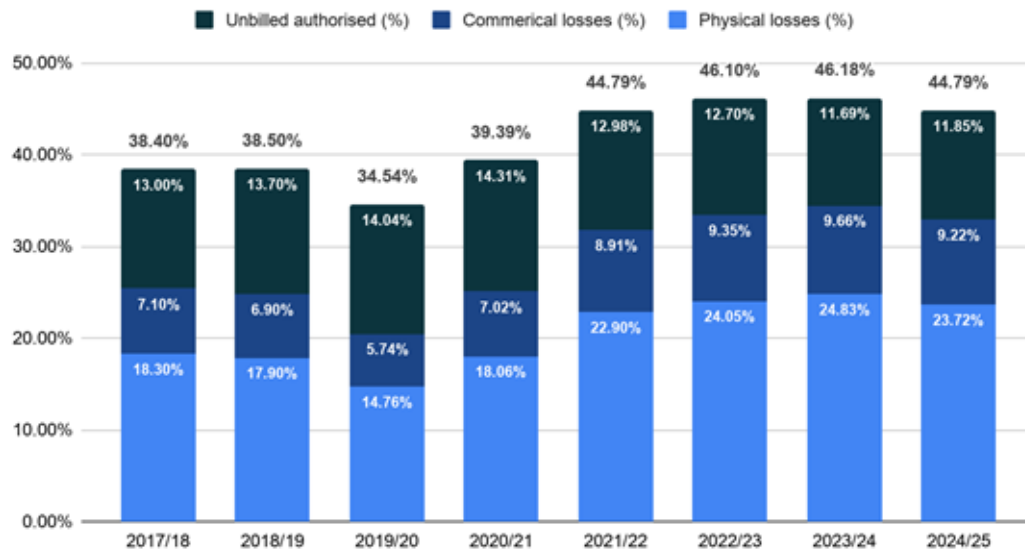
Comparison with Cape Town

Over the same period, **total employment in Cape Town increased by 378k** against a 518k increase in the working age population leading to the **labour absorption rate increasing by 2.8 percentage points**

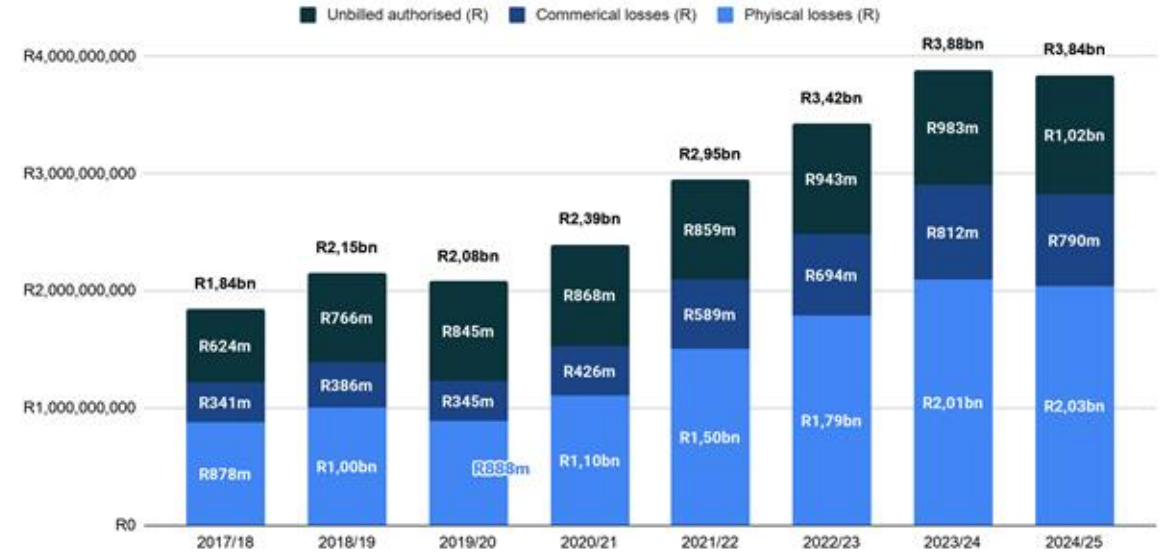
Current State of the City

JHB Water loses just under half of the bulk water it receives (R3.84bn) driven largely by physical losses caused by aging infrastructure

JHB Water water consumption and losses (% total water purchased)

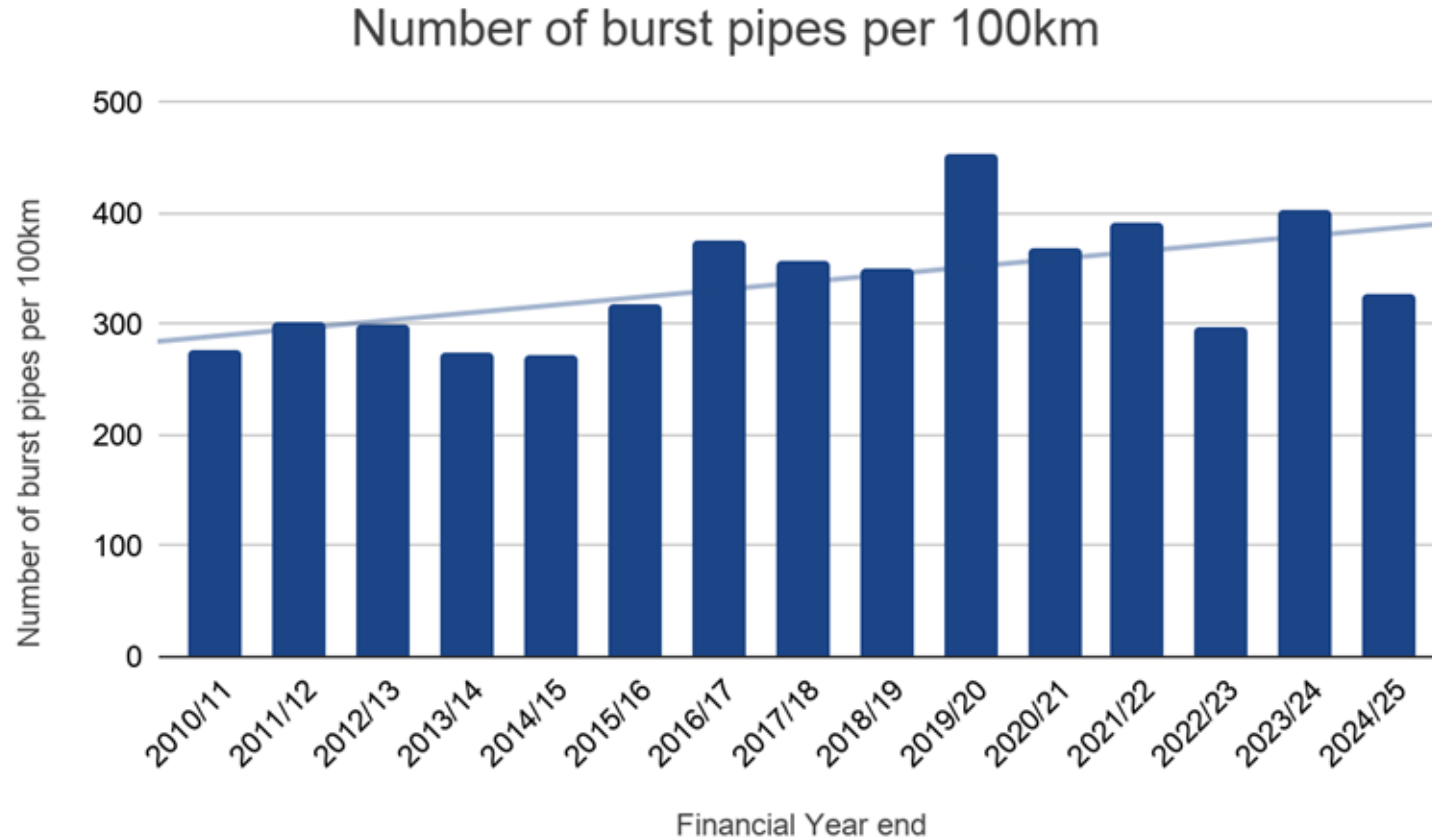


JHB Water water losses (Rands)



Note: Unbilled authorised consumption refers to legitimate, authorised water use by the utility or customers that is not billed, often for operational needs or specific free allowances but still represents a financial loss to the utility. Commercial losses are losses due to illegal connects, meter tampering and incorrect billing of customers. Physical losses are losses due to leaks and burst pipes.

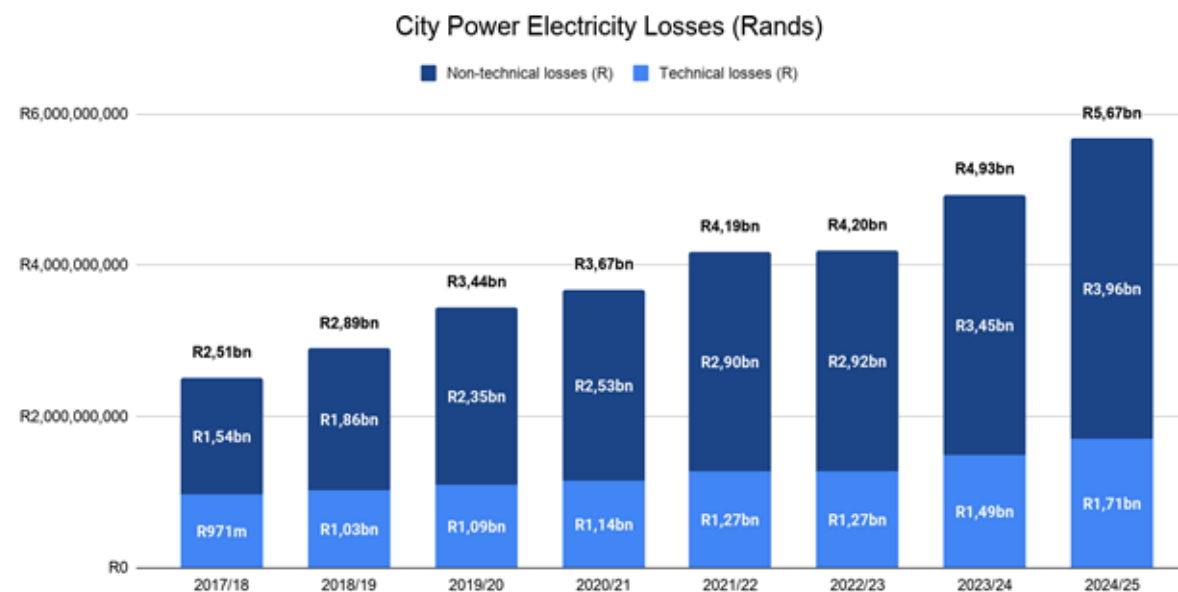
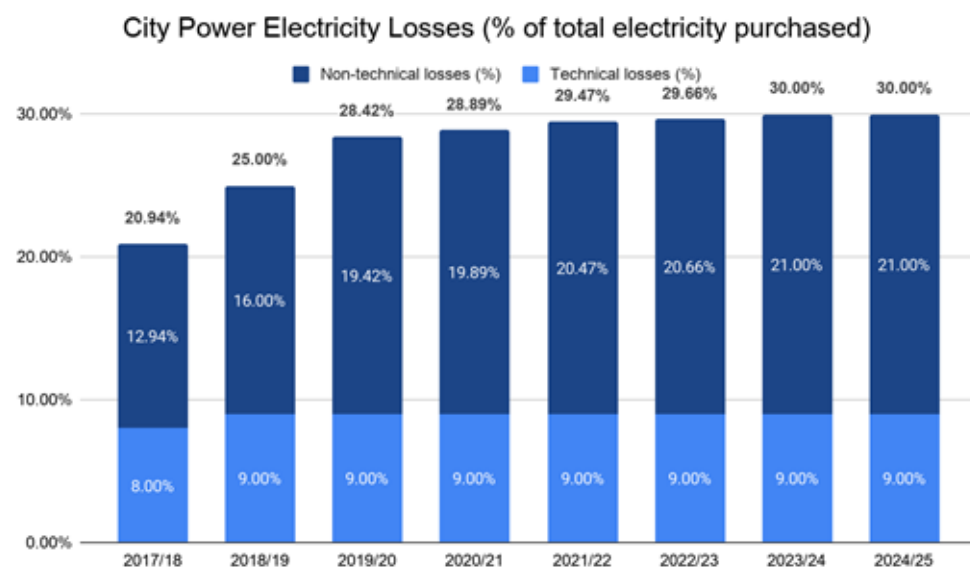
Current State of the City - the number of burst pipes per 100km has been trending upwards over the last 15 years



Source: Genesis Analytics (2026) based on data from the City of Johannesburg Annual Reports

Current State of the City

City Power loses up to 21% (R3.96bn) of the electricity it purchases from Eskom due to illegal connections and meter tampering



Note: Non-technical losses refer to losses due to illegal connections, meter tampering, faulty meters, and billing system errors.

Technical losses stem from physical network inefficiencies like transformer imbalances and line losses, compounded by aging infrastructure and suboptimal grid design

Fixing City Power & Joburg Water is a R4.6bn annual opportunity

Direct municipal savings alone equal 5% of CoJ's annual budget — before wider economic gains from fewer outages, burst pipes and emergency responses.

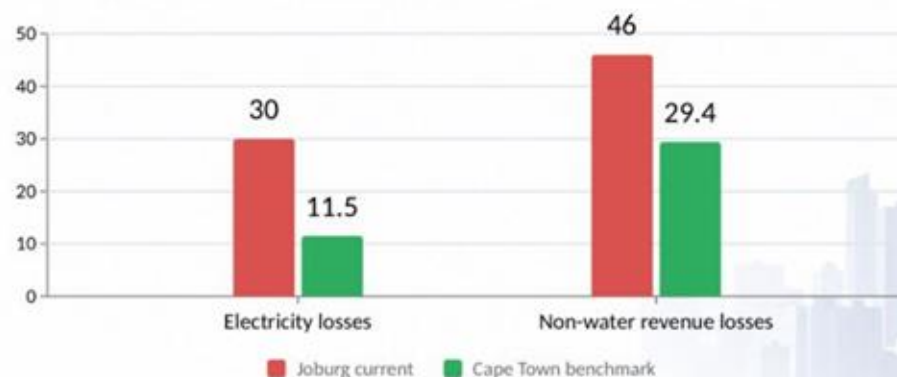
R4.6bn

annual direct savings if losses fall to Cape Town benchmark levels

5% of annual budget

Direct fiscal upside only; excludes maintenance, tanker and consumer savings

Loss reduction needed to unlock the direct savings



Target: close a 18.5 ppt electricity gap and a 16.6 ppt water-revenue gap.

Economic cost is already material

A city-wide power interruption lasting 6–12 hours is estimated to cost:



This excludes hard-to-quantify impacts: disrupted operations, investment sentiment, property values and emergency-response costs.

Operational proof points: failure is visible, frequent and costly

97,715

City Power outages

reported Jul 2024–Mar 2025

33,000

burst pipes

reported in 2025

<12%

water interruptions resolved

within 12 hours

R4.6bn+

benefit case

direct savings plus wider economic upside

CEO message: treat utilities recovery as an economic-growth intervention — measurable fiscal savings now, confidence and investment gains thereafter.

2024/25 Audit Outcomes: City of Johannesburg

COJ CORE
Qualified
 Regressed from unqualified

Audit outcomes over past 6 years

2019/20 to 2024/25

Unqualified with findings

▶ Unchanged for Group

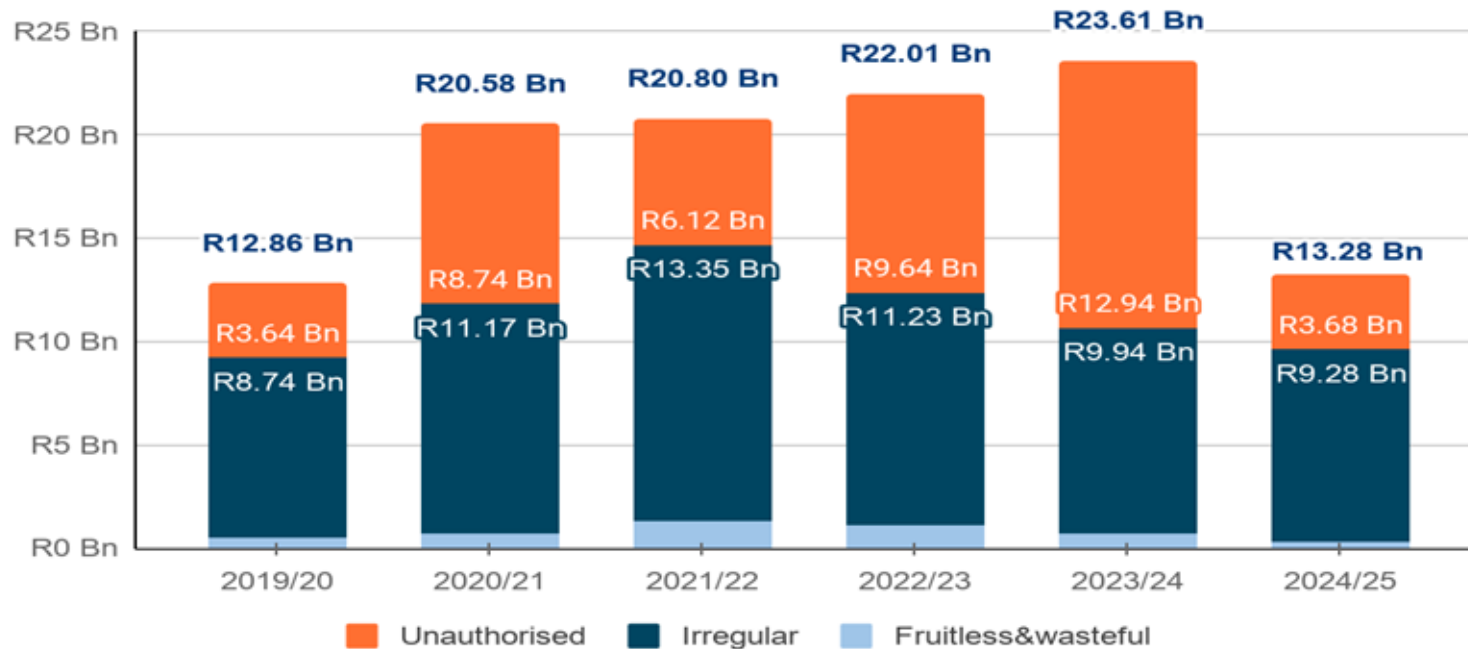
Financial health (2024/25)

- Cash coverage ratio only 17 days (vs 1-3 months norm)
- Current ratio 0.73 (vs 1.5 to 2 norm); deteriorating from 0.9 in 2022
- Group UIFW fell 44% from R23.7Bn (2024) to R13.3Bn (2025), driven by major write-offs

Municipal Entities (2024/25)

- 2 entities received clean audits
- **Going concern risk flagged** for City Power & Joburg Water
- **Entities outperformed on capex:** spent R4.39B (95% of R4.63B budget) vs core administration's 53% spend rate

Unauthorised, irregular, and fruitless and wasteful expenditure (Group)



Auditor General SA Audit findings

Audit findings increased from 472 in FY24 to 527 in FY25, highlighting a **regression in audit performance** and the need for sustained focus on addressing control weaknesses.

AG's Internal controls assessment



Intervention required

Source: 1. 2024/25 City Of Joburg AFS. Available [here](#). 2. National Assembly SCOPA. Briefing on the 2024-25 audit outcome for the City of Johannesburg Metropolitan Municipality, 29 May 2026

Note: Unauthorised (budget overspend); Irregular (non-compliant procurement); Fruitless & Wasteful (avoidable losses).

How Johannesburg compares to other cities

Metric	Johannesburg	Average for other metros (ex. JHB)	Cape Town
Capital expenditure per capita 2024/25 (Rand)	1,560	1,217	1,959
Ratio of operating expenditure to capital expenditure 2024/25	10.7	13.3	6.3
Irregular, Fruitless, and Wasteful Expenditure 2024/25 (Rand Billions)	13.75	2.4	0.487
Municipal employees per 1000 residents 2022	8.5	6.4	7
Water losses (non-revenue water) 2024/25	44.79%	41.3%	24.0%
Electricity losses (technical and non-technical losses) 2024/25	30%	19.41%	11.23%
Number of new residential units added (2014-2023) per 1000 residents	8.4	9.1	20.3
% of households living in informal dwellings	17.4%	13.6%	18.1%
Change in residential property prices (2010-2026) (Real)	-19.77%	-9.10%	34.16%