

Resilience and Renewal: Building a Financially Sustainable Johannesburg



City of Johannesburg Executive Mayor
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As the Executive Mayor of Johannesburg, I want to share our collective efforts towards creating a resilient and financially sustainable city. The past few years have presented significant challenges due to economic shocks, global inflation, and local service delivery issues. Yet, these obstacles have served as catalysts for reform. Since becoming a leader in the financial sector for the city, my administration has prioritized stabilising municipal finances, enhancing governance, and rebuilding trust with investors and residents.

We have embraced discipline, transparency, and teamwork as we transform these crises into opportunities. Our primary goal is financial sustainability, embodied in our Financial Development Plan (FDP) while actively pursuing our Revenue Enhancement Strategy. These strategies support a recovery that is both fiscal and moral, reinforcing the trust between government, residents, and the market.

Turning the Corner on Fiscal Stability

The outcomes of our strategies are becoming evident. For the FY 2024/25, the city has recorded a provisional surplus of R1.1 billion, the first positive financial outcome in two years. We have achieved a revenue collection rate of between 88% and 91%, with aspirations to reach 95%. This progress is facilitated by improved credit management practices, enhanced billing accuracy, and the establishment of a citywide Project Management Office to oversee and ensure accountability in revenue operations.

On the expenditure side, we have demonstrated fiscal prudence through procurement savings of R161 million and a focused approach on cost containment and optimal staff deployment. Each rand saved is redirected towards infrastructure renewal and service improvements. Our budget of R89 billion for 2025/26 is dedicated to infrastructure-led growth, emphasising essential services such as City Power, Johannesburg Water, and Pikitup, which are vital to our economy and daily life.

Reform and Recovery Across Trading Entities City Power:

Our new strategy to address electricity losses—previously as high as 30%—includes installing smart meters, enforcing theft charges, and implementing an Intelligent Distribution System. These measures have helped reduce losses by over 6% in specific zones. Enhanced infrastructure will further reduce outages and ensure a self-sustaining power network.

Johannesburg Water:

The Johannesburg Water Turnaround Strategy is focused on correcting inefficiencies that have plagued our water system for over a decade. With a target for non-revenue water (NRW) reduced to 44.8% down from 46.2%, our initiatives include digital metering and active leak detection. We have reasserted the importance of financial accountability while adopting a pro-poor tariff structure to support the most vulnerable residents.

Pikitup:

The transformation of Pikitup emphasises our commitment to environmental and fiscal sustainability. Through the flagship Alternative Waste Treatment Technology (AWTT) project, we aim to convert significant waste volumes into renewable electricity. This project, backed by international funding, showcases our ability to innovate while creating jobs and promoting clean energy.

Investor Confidence and Ratings Improvement

Our commitment to reform has not gone unnoticed, leading to GCR Ratings upgrading Johannesburg's outlook from Negative to Stable. This improvement is a testament to our sound fiscal management and credible governance. In tandem, the African Development Bank's direct loan of ZAR 2.5 billion marks a pivotal endorsement of our reform-focused direction, enabling us to finance critical infrastructure across various sectors.

We are also leveraging blended finance networks in partnership with the Development Bank of Southern Africa and National Treasury to attract further investment. This demonstrates that disciplined governance brings financial confidence.

Honouring Financial Obligations

Financial sustainability extends beyond revenue generation; it also revolves around maintaining our commitments to creditors. Johannesburg continues to meet all debt obligations while enhancing cash-flow management to guarantee service continuity and ensure we are recognised as a trustworthy partner.

Strategic Partnerships for Green Transition

The shift towards a low-carbon economy is paramount for Johannesburg's next developmental phase. Through collaborations with various international partners, we are fostering innovative financing for urban infrastructure. The AWTT project will not only address landfill pressures but also position Johannesburg as a leader in effective waste-to-energy strategies, reinforcing our commitment to fiscal and environmental stewardship.

The Road Ahead: Resilience, Reform, and Renewal

While progress is evident, our journey to financial sustainability continues as we tackle persistent issues like water losses and electricity theft. However, we have moved beyond crisis management to a structured recovery model driven by transparency and accountability.

In summary, Johannesburg is on the path to financial stability. We are re-establishing control over our finances, ensuring reliable services, and restoring confidence among residents and investors alike. Our outcomes will ultimately be evaluated based on the shared quality of life reflected in our improved services.

Through unity and shared purpose, we are on a mission to transform Johannesburg into a financially sustainable, socially just, and economically inclusive city—a truly vibrant City of Gold for all. Resilience, reform, and renewal are more than just concepts; they form the foundation of the Johannesburg we are collectively constructing.