



Johannesburg Property Owners & Managers Association

Architects of Growth

NERSA PRESENTATION

BY NIC BARNES



WHO IS JPOMA?

- Today, the Johannesburg Property Owners and Managers Association (JPOMA) represents most of the credible Johannesburg Inner-City property owners and managing agents who are active in the rejuvenation of the inner city through building upgrades, conversions and effective urban and building management.
- R13bn of private capital invested
- Represents over 55,000 affordable housing units
- Accommodates in the region of 250,000 inner city residents



WHO DOES JPOMA ACCOMODATE?

- AFFORDABLE HOUSING
 - RENTALS BETWEEN R1,750 – R5,500
 - FAMILY INCOMES OF R4,500 – R15,000,
 - FILLING THE GAP BETWEEN SOCIAL HOUSING AND GAP HOUSING



ADMINISTERED COSTS

	2008	2013	2018		
Sewer	66,98	123,56	287,50		329%
Water Charge	50,16	66,58	205,51		310%
Electricity	186,33	505,73	676,27		263%
	303,47	695,87	1 169,27		285%
Rental	1 981	2 779	3 753		89%
Household Income	5 972	8 376	11 747		97%



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				16% COMPOUNDED ANNUALLY	
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AVERAGE PARASTATAL SALARIES

Company	Employees	Total cost	Average per employee
SABC	3 835	R2.78 billion	R726 240
Eskom	47 658	R33.18 billion	R696 170
Sentech	539	R368 million	R683 260
Broadband Infracore	151	R102 million	R677 480
South African Airways	10 706	R5.82 billion	R543 810
Telkom	20 341	R10.9 billion	R535 860
Transnet	58 828	R20.8 billion	R353 570
Rand Water	3 339	R1.15 billion	R344 710
SA Post Office	21 590	R3.48 billion	R161 280

Top 25 JSE-Listed Companies – Average employee earned R589,964



NERSA ADVISED ESKOM TO REDUCE COSTS

- December 2017 - Nersa Chairperson Jacob Modise said Nersa had made recommendations to Eskom on how to reduce costs, but it was up to Eskom to implement those.

“If Eskom cuts costs as we recommended, it will be able to get its cash flow back on track,” – Jacob Modise

“Eskom has a hugely bloated salary bill, its coal costs are too high, it maintains a suite of older coal-fired power stations that are redundant, and the costs for its power station programme - the primary reason for its large tariff increases - are simply out of control” - Grové Steyn



THE PROBLEM WITH ESKOM

- Former CEO Brian Molefe almost walked away with a R30 million “early retirement” package – something that was only identified and overturned four months after it had been signed off by the board.
- Even after the payment was rescinded, Eskom’s latest financial reporting shows that Molefe was still paid R8.9 million for eight months’ work at the group.
- As at March 31 2018 - Eskom had to repay interest of R213 billion over the next five years, with debt repayments of R200 billion
- Huge salary bill
- Coal costs are too high
- maintaining a suite of older coal-fired power stations that are obsolete
- The costs for its power station programme
- Inability to manage efficiently
- Inability to make significant and effective change

