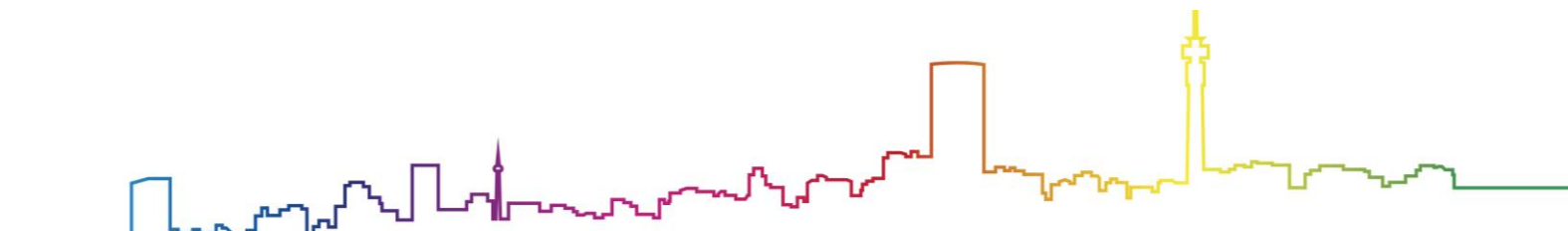


NERSA TARRIF INCREASE OBJECTION

Presentation by: Nic Barnes
16 November 2017



Architects of Growth



Who is JPOMA?

- The Johannesburg Property Owners and Managers Association (JPOMA) represents most of 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.
- Represents over 60,000 affordable housing units
- Accommodates in the region of 250,000 inner city residents
- Target earnings R5,000 –R15,000 (household income)
- Target Rental R1,750 – R5,500
- JPOMA collectively pays electricity bills > R160m per annum



- This is Ma'Dlamini
- She lives in flat 105 in a building in the Johannesburg CBD
- She is an average tenant
- She is a single mom with two kids
- She has a reasonable job as a senior teller in a bank

In 2008 she earned

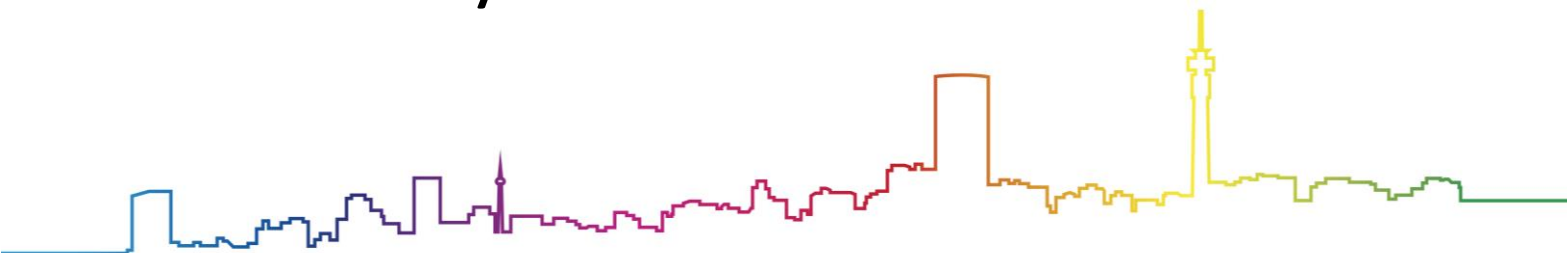
R5,972.00

Her rent was

R1,991.00

Her electricity account was

R 148.59





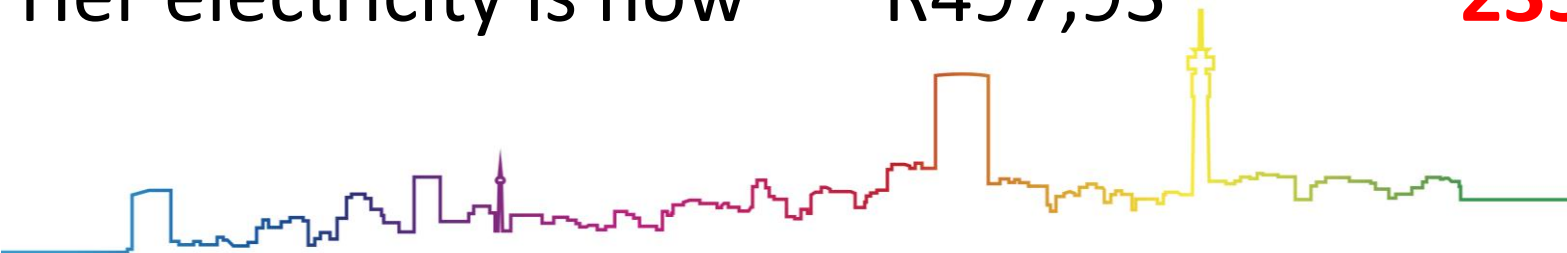
- Her salary increased by 7% per annum
- Her rent increased by 7% annum

In 2017

Her income is now R10,979,00 91,72%

Her rent is now R3,817,00 91,72%

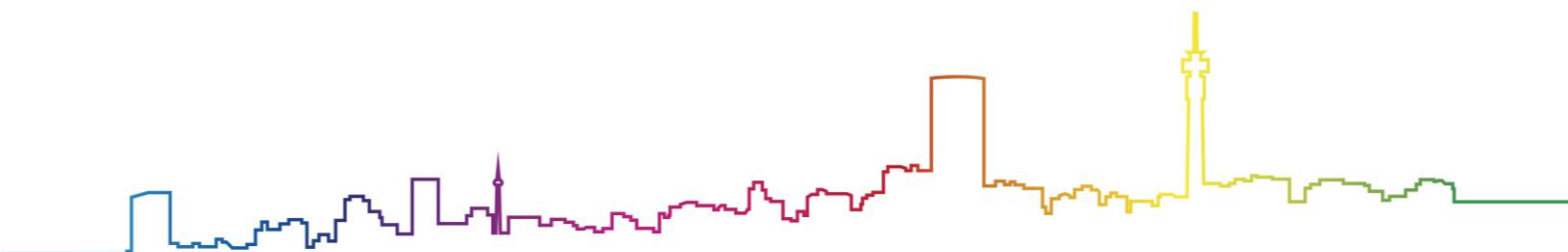
Her electricity is now R497,93 **235,10%**



Impact of Utilities Charges on the Tenant

	2008	2017	Increase %
Rental	1 991.00	3 817.00	91,72%
Electricity ¹	148.59	497,93	235,10%
Total cost to tenant	2 139.59	4314,93	
Electricity as a % of total cost to tenant	7%	12%	

¹ VAT and Service Charge included, which is a direct cost to the tenant



Increases Rent vs Electricity vs Salary

Year	Household Income (increase 7% pa)	KWH domestic tariff <500Kwh per month	Monthly cost of electricity*	Increase year on year in domestic tariff	Average 1 Bedroom Flat Rent (Increase by 7%)	Electricity as percentage of rent	Percentage of salary that is electricity
2008	5 972	0,3302	148,59	5,90%	1 991	7,46%	2,49%
2009	6 390	0,3929	176,81	18,99%	2 140	8,26%	2,77%
2010	6 837	0,4738	213,21	20,59%	2 301	9,27%	3,12%
2011	7 316	0,5875	264,38	24,00%	2 473	10,69%	3,61%
2012	7 828	0,7931	356,90	35,00%	2 659	13,42%	4,56%
2013	8 376	0,8962	403,29	13,00%	2 858	14,11%	4,81%
2014	8 962	0,9454	425,43	5,49%	3 072	13,85%	4,75%
2015	9 590	1,0168	457,56	7,55%	3 303	13,85%	4,77%
2016	10 261	1,0818	486,81	6,39%	3 550	13,71%	4,74%
2017	10 979	1,1065	497,93	2,28%	3 817	13,05%	4,54%
2018	11 748	1,3167	592,52	19,00%	4 103	14,44%	5,04%
Total increase since 2008	96,73%		235,10%		91,72%		

KWH per month

450

*Based on average electricity consumption for 1bedroom CBD flat 450kwh per month

* 19% proposed increase

Conclusion

- Housing is a national imperative and our tenant base has an affordability ceiling.
- The proposed hike will affect the poorest people in the country, the bottom 60% of the country earns 11% of the household income.¹
- While we are grateful for the work over the last year a 19% increase is not viable across all steps. Step 1 clients should have a lower % as they fall into a lower income earning bracket.
- Low income earners should not be held liable for the bad decisions made by Eskom
- The hike might be good for Eskom but it is not good for the economy. The economy can not withstand an additional shock of another increase while unemployment and inflation is increasing and economic growth and the exchange rate is declining.

¹official stats according to groundWork researcher David Hallows