



**NASHO OBJECTION TO ESKOM'S
PROPOSED (MYPD6) REVENUE
APPLICATION FY 2025/26 – 2027/28**



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WHO is NASHO?



01 Independent member-based association of SA's social housing (SH)

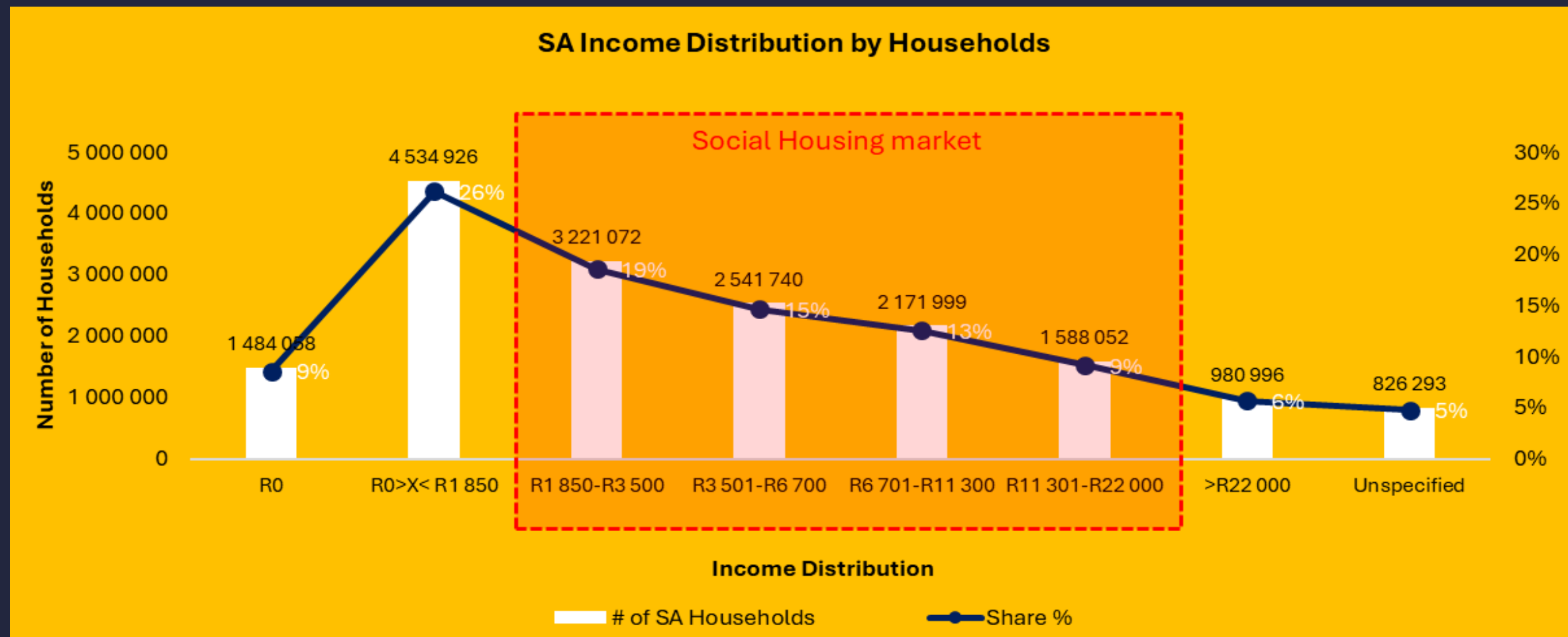
02 Represents over 69% of SA's social housing units.

03 Members include Social Housing Institutions (SHIs), Municipal-Owned Entities (MOEs) Other Delivery Agents (ODAs).

04 **Organisation Mandate:** Support SH Delivery agencies in building a sustainable SH sector through delivering quality affordable housing that is dedicated to low-middle income households, earning R1 850 – R22 000.

SA's Income Landscape?

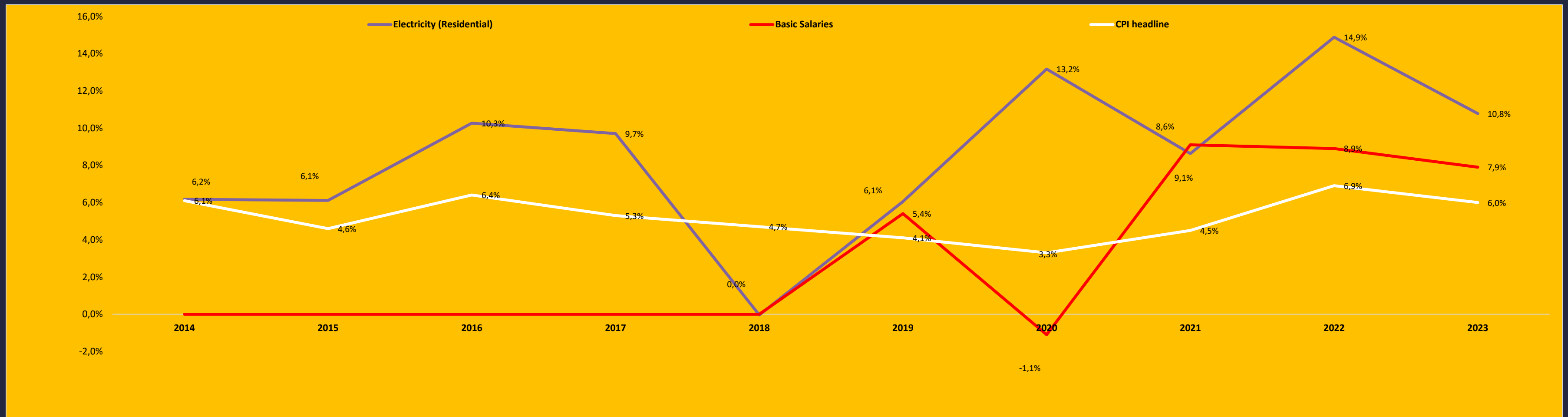
- ❑ **Low-Middle Income Households:** 55% of South African households earn between R1,850–R22,000, facing significant financial challenges.
- ❑ Although Social Housing (SH) is a small segment of housing sector– Interest is on SA's majority (low-middle income households)
- ❑ The proposed 36% electricity tariff increase would worsen financial strain; affordable electricity is essential for equity and well-being.



Source: Quantec data

SA's Purchasing Power Cannot Keep Up With Proposed Hikes

- ❑ **Electricity vs. Income Growth:** The residential electricity tariffs have surged by an annual average of 11.9% (2019–2023), far outpacing basic salaries (5% average) and CPI (6% average) during the same period.
- ❑ **Purchasing Power:** The 36.1% electricity tariff hike will erase purchasing power gains, such as the 1.9% improvement in 2023 (7.9% salary increase vs. 6.0% inflation). This will significantly increase financial strain on 55% of low–middle–income households.



Social Housing Tenant Energy Challenges



Lack of FBE Access

01

Most SH tenants are excluded from indigent subsidies (FBE) due to renting from institutional landlords, burdening them with full utility costs.

Risk of Energy Poverty

02

The current 50-kWh FBE allocation is insufficient for many SH households, which require around 350-kWh to meet basic needs, as highlighted in Hunger for Electricity (Ledger & Rampedi, 2022). – Conclusion drawn from Pietermaritzburg Economic Justice and Dignity data

Financial Strain on SH Tenants

03

Eskom's proposed tariff hike will exacerbate the financial pressure on SH tenants, already struggling without the support of subsidies

Potential Impact – Proposed Electricity Tariff



Hike on SH

Rental Boycotts

01

High tariffs worsen existing rental boycotts, threatening social housing providers' sustainability and stability.

Energy Poverty

02

A 36% hike will make electricity unaffordable, forcing tenants to rely on unsafe alternatives like paraffin and candles.

Economic Inequality

03

Rising energy costs widen the socio-economic gap, disproportionately affecting low-income households.

Higher Living Cost & Debt Risks

04

Increased electricity tariffs drive up overall costs, eroding purchasing power further. Households may incur debt to manage utility costs, creating long-term financial instability.

Financial Impact of the proposed Electricity Tariffs in SH Tenants



36.1% (2025/26)

Income band	H/H Income @ +5%	Rental @ +5%	Monthly				Basic Living Expenses +6% CPI headline	Total expenses	Income Less Expenses	Expense to income Ratio
			Unitilities (Estimation - R)							
			Water +6% CPI headline	Refuse +6% CPI headline	Electricity @ +36.1%	Sewarage +6% CPI headline				
R1 850 - R3 500	R3 675	R1 187	R130,21	R139,07	R945	R369,89	R880	R3 651	R24	99,3%
R3 501 - R6 700	R6 376	R1 967	R42,93	R139,07	R807	R358,55	R852	R4 166	R2 209	65,3%
R6 701 - R11 300	R9 975	R2 071	R44,60	R139,07	R898	R383,59	R4 616	R8 152	R1 823	81,7%
R11 301 - R15 000	R15 006	R3 950	R44,60	R139,07	R984	R383,38	R4 187	R9 688	R5 318	64,6%
R15 001 - R22 000	R19 471	R3 990	R44,60	R139,07	R1 157	R383,38	R6 917	R12 631	R6 841	64,9%

11.8% (2026/27)

Income band	H/H Income @ +5%	Rental @ +5%	Monthly				Basic Living Expenses +6% CPI headline	Total expenses	Income Less Expenses	Expense to income Ratio
			Unitilities (Estimation - R)							
			Water +6% CPI headline	Refuse +6% CPI headline	Electricity @ +11.8%	Sewarage +6% CPI headline				
R1 850 - R3 500	R3 859	R1 246	R138,02	R147,42	R1 056,58	R392,08	R933	R3 913	-R54	101,4%
R3 501 - R6 700	R6 694	R2 065	R42,93	R147,42	R902,21	R380,06	R903	R4 441	R2 253	66,3%
R6 701 - R11 300	R10 474	R2 174	R44,60	R147,42	R1 003,52	R406,61	R4 893	R8 670	R1 804	82,8%
R11 301 - R15 000	R15 756	R4 148	R44,60	R147,42	R1 100,23	R406,38	R4 438	R10 284	R5 472	65,3%
R15 001 - R22 000	R20 445	R4 190	R44,60	R147,42	R1 293,59	R406,38	R7 331	R13 413	R7 032	65,6%

9.1% (2027/28)

Income band	H/H Income @ +5%	Rental @ +5%	Monthly				Basic Living Expenses +6% CPI headline	Total expenses	Income Less Expenses	Expense to income Ratio
			Unitilities (Estimation - R)							
			Water +6% CPI headline	Refuse +6% CPI headline	Electricity @ +9.1%	Sewarage +6% CPI headline				
R1 850 - R3 500	R4 052	R1 308	R146,30	R156,26	R1 152,73	R415,61	R989	R4 168	-R116	102,9%
R3 501 - R6 700	R7 029	R2 168	R42,93	R156,26	R984,31	R402,86	R958	R4 712	R2 317	67,0%
R6 701 - R11 300	R10 997	R2 283	R44,60	R156,26	R1 094,84	R431,00	R5 187	R9 196	R1 801	83,6%
R11 301 - R15 000	R16 544	R4 355	R44,60	R156,26	R1 200,36	R430,77	R4 705	R10 891	R5 653	65,8%
R15 001 - R22 000	R21 467	R4 399	R44,60	R156,26	R1 411,31	R430,77	R7 771	R14 213	R7 254	66,2%

The proposed 36.1% (2025/26), 11.8% (2026/27) & 9.1% (2027/28) electricity tariff hikes will force vulnerable tenants to spend an even larger portion of their income on basic needs, leaving them with little to no funds for other essential expenses such as education and transportation, worsening their financial conditions.

Recommendations

Tie Hikes to Inflation

01

Link tariff increases to inflation to ease financial strain on low- and moderate-income households.

Support Equity

02

Prioritise affordable electricity to support an equitable and just society for SA's most vulnerable populations.

Protect Vulnerable Households

03

Ensure affordable electricity to prevent energy poverty to ensure financial stability for struggling households.

Free Basic Electricity increase

04

Consider to increase the 50-kWh of free basic electricity in the future



Thank You!



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