

How prepaid sub-meters can eliminate electricity bill shocks and disputes

In multi-tenanted properties finding fair ways to pay for shared utilities can be an onerous task. "Lack of information leads to a lack of trust on all sides," says Citiq Prepaid managing director Michael Franze. "Disputes over electricity bills are a major problem in the property sector, and they cost everyone a lot of time, money and frustration."



Michael Franze, MD, Citiq Prepaid

The root of the problem, says Franze, is that councils are normally only prepared to provide one electricity council meter per property, regardless of how many dwellings there are. "This leaves landowners, tenants and body corporates with a very limited set of options. They can agree to split the bill pro rata, which encourages overuse and inevitably leads to conflict; or they can install their own kWh meters and read them every month, which is administratively costly and also leads to disputes if tenants don't trust the readings."

The growth of electricity resellers over the past couple of decades only partially solved the problem, he adds. "At first resellers appeared to be the solution to the problem of inconsistent municipal billing and tenant non-payment, and the sector boomed. But eventually many of the new entrants went out of business, and regulations were tightened up after a series of scandals. In the end, the property owner is still the one legally liable to pay the electricity bill – using a reseller just defers the problem."

Reduced risk

Franze says prepaid sub-meters provide transparency and reduce risk for everyone involved. "For tenants, prepaid makes their own electricity consumption more visible and ultimately more manageable. If you only get your bills a month or more in arrears, it's easy to forget that day you accidentally left the heater on and wonder if the landowner is overcharging you. When you can track your consumption from day to day, or even from hour to hour, it's much easier to budget."

For landowners, body corporates and managing agents, he says, the benefits are equally tangible. "With Citiq Prepaid, we collect money from tenants and other end users upfront and keep it in a trust account. The only charge is an 8.75% handling fee which is completely transparent to all users. At the end of the month, the money is transferred to the landowner and they pay the municipal bill directly. This enables the landlord to stay in control of the billing relationship with the municipality, but with no collection issues."

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