

# Ignoring tenant water consumption will pose significant risk for landlords

By [Michael Franze](#) 2 Mar 2020

Managing utilities will be one of the top priorities of governments around the world for the next decade. South Africans are now living in a country where the provision of water and electricity is far from predictable and we must expect harsher regulations to curb wastage. For landlords - especially those with units in multi-tenant complexes and flats - understanding their obligations in an increasingly punitive environment is more important than ever.



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South African lawmakers are tackling both the culture of non-payment, as well as the need to manage the usage of electricity and water, by calling for the implementation of prepaid meters.

While many know the benefits of electricity prepaid sub-metering, managing water supply with these systems is still fairly new. However, both local and national governments will be using their regulatory stick to ensure property owners and managers are toeing the line and, if not, they can quickly find themselves facing some stiff fines.

Cape Town paved the way for future lawmakers, enacting new bylaws while dealing with the threat of Day Zero in 2018. The new laws did not replace the restrictions, but they did follow the regulatory trend of placing the onus on the landlord for more hands-on management. For the first time, landlords of units in multi-tenant complexes and flats were responsible for keeping record of tenants' water consumption and for reporting any contraventions to the municipality.

Fortunately, the bylaws also make provision for the installation of prepaid sub-meters which allow the landlord to more accurately measure tenants' consumption.

Using the existing post-paid measurement system will only deliver data to the landlord well after any transgressions or anomalies take place, leaving them at the mercy of their local administrators. Whether it was their tenant illegally filling a swimming pool, or a leaking pipe, landlords need to be on top of any usage

patterns that are out of the ordinary and act on them fast.

## **Pay-as-you-go utilities to tackle non-payment**

Prepaid sub-meters have also been sanctioned by the national government as a means to curb the culture of non-payment. The inter-ministerial task team, (IMTT) established in 2017 put forward recommendations in November to pilot prepaid water meters in four municipalities in an effort to curb municipal non-payment.

While the issue of outstanding debt owed to national government is still a bone of contention, using prepaid sub-metering as a means to move forward is the most fair and transparent method available. Prepaid sub-meters allow both the property owner and the tenant to easily see exactly what has been used – cutting down on disputes, late payment and non-payment.

Prepaid sub-meters allow water to be distributed from the municipality to each unit, tracking individual household consumption fairly and transparently. The landlord must, however, ensure the water sub-meter is installed by an accredited plumber, and that the meter installation complies with all applicable legislation, regulations and by-laws.

When South Africa hit Stage 6 load shedding in December 2019, government leaders woke up to the fact that not only was the electricity grid under imminent threat, but that at these levels they would not be able to sustainably supply water to citizens either. As we move forward, property owners can expect a much more punitive regulatory regime when it comes to utility consumption. The only way for landlords to mitigate their risk will be through the use of prepaid meters.

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