



FIRE & LIFTS INDUSTRY DIRTY SECRETS

Businesses both in the fire and lift industries in Australia use a variety of business tactics to increase business, but a common goal is to have clients sign long-term contracts with their companies. Unfortunately, some of these tactics are often intentionally misleading.

The purpose of this report is to provide some transparency to anyone looking to hire a fire and lift service provider for their building, business location or private residence, and wishing to avoid the common mistakes made when entering into a contract of this nature.

The following are a few common dirty tactics used in the industries we serve here at Advance Groups;

Lifts & Escalator Services

1. Lifts service frequency.

If you were to shop around for a quote to have a provider service your lifts, you might be given three different quotes of \$5,000, \$6,000, and also \$3000, which seems attractive, but yet does not specify the frequency of testing in their contract.

As with a car you only drive once a week, you don't need to service it as often, and with lifts it's the same, the more you use it, the more it breaks down, thus the more often you have to service them.

Assume you choose the cheapest \$3,000 quote and only includes a quarter of the service frequency in their contract. Since your lifts are used so frequently, you will then be charged extra for each breakdown as many exclusions in the contract are basically hidden and everything extra becomes essentially chargeable.

2. Spare parts support.

Many lift companies as well as fire protection suppliers that use original equipment manufacturer (OEM) products use this tactic to claim they do not have spare parts available.

A common argument is that an obsolete part cannot be repaired, so a new lift or upgrade is necessary. Although parts might be technically obsolete from their factory, it is often possible to order identical generic parts from overseas third party suppliers sometimes for a quarter of the price.



3. After hours or call out rates

"Key retrieval" is a good example of this. Despite the same technician and the same qualifications required for such a service, the rates charged can vary so much. Considering that this is quite common with commercial properties in particular, the price differences can quickly add up. As with other after-hours and emergency call-out rates, these discrepancies should be taken into account when entering a contract with either a lift or fire safety company.

4. Locked-in to proprietary manufacturers contracts

Stuck with one of the top lift manufacturers that always encourages upgrading to better products at a premium price? On top of that, it is often very hard for any other provider to maintain these lifts since the lift software is locked with password codes not available to non-affiliated local service distributors.

Although the initial price for modernizing the lifts or installing it might be less, you're often needing to pay more in the long run for maintenance, because you're locked into a company that uses proprietary products.

5. Design registered lift and escalator products.

Advance global elevators has engineers in Sydney that work on all our products to get them registered through Safeway in NSW, so they can be used anywhere in Australia. Most other big players do the same.

Other smaller companies that bring in their parts without a designed register end up trying to save on costs and appear cheaper to budget conscious clients who are usually unaware of the difference until there is an insurance claim or an audit by the Australian standards certifiers declaring the lifts illegal.



6. Comprehensive contracts exclusions

Under our comprehensive contracts here at Advance Global Elevators, we typically include a 12-month defects liability period. This means that anytime that lifts break down (except for fusion, or if the motor or drive blows up, floods, vandalism or corrosion, which are excluded from the contract), we are contractually obligated to fix those defects for free.

Due to the fact that our comprehensive lift contracts typically last for five years, it is both in our interest and our clients' to use lift and escalator products that are less likely to need servicing frequently, especially in commercial settings.

Keep an eye out for suppliers who want to sell you cheaper lifts or even underquote the same lift product, but then very craftily include a lot of exclusions in their contracts, making you liable for a whole host of unforeseen but common complications with lift maintenance.

7. The Fire or Lift company having the right tools to do the job promptly

Ensure that the company invests in the necessary tools for them to maintain your lifts with the continuous advancement of technology. For example, we've invested in the last six months over \$20,000.00 in tools that can plug into most lifts and tell us all the fault codes. These tools are similar to car diagnostic tools. Due to global supply chain issues, this will reduce the time that the lifts will be out of service waiting for the right tools to be ordered from overseas, with those outages being very costly for the clients.

Fire services

1. Underquoting by providers to maintain and install smoke detectors using unlicensed electrical contractors.

With the latest smoke detector legislation for rental taking place in Queensland this January 2022, we will no doubt see more instances of these kinds of illegal practices by various operators looking to make a profit.

To be able to legitimately submit an insurance claim in case of fire or to avoid a fine when your annual occupier statement is audited, you simply need to make sure that all smoke detectors in your building are checked and properly installed by a licensed electrical contractor.

2. Installations of proprietary products and parts

The practice of providers locking their clients into contracts with products that are too expensive or difficult to move away from is unfortunately very common in the Fire protection industry as well. Although the prices of those products or contracts from the suppliers might seem enticing at first, they are often attached to an array of hidden costs that leave a bitter taste in the mouths of clients later on.

3. Fire maintenance contracts exclusions

There are times when fire service providers will use dirty little underquoting tactics to win the business in your building, which can be as simple as excluding the annual fire alarm test as part of your building maintenance. Property managers, therefore, must be extremely diligent in comparing apples to apples before signing a contract with a particular service provider.

4. Passive service penetrations inclusions in quotes

Since the 2018 Commonwealth Games, the Fire Brigade has enforced that "passive service penetrations" must be maintained in buildings. Because buildings haven't done it before, even though it's in the building codes since 2005, they never thought that they had to.

For the sake of \$500-\$600, some providers still leave out this service in their quotes to get the contract, which would be extremely negligent from an insurance claim perspective.

5. Using "price increases" from third-party suppliers to justify add-on charges

Many companies who purchase fire products from third-party suppliers exaggerate the price increases they pass on to their clients in order to extract additional profits.

