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YSP Podcast Transcript: Episode 081. Demystifying EBix Trades Monitor for strata buildings - with Russell Kelleher

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Intro: Welcome to Your Strata Property. The podcast for property owners looking for reliable, accurate, and bite-sized information from an experienced and authoritative source. To access previous episodes and useful strata tips, go to www.yourstrataproperty.com.au.

Amanda Farmer: Hello, and welcome. I'm Amanda Farmer, and this is Your Strata Property. Russell Kelleher is the business developer and key account manager at Ebix, a NASDAQ listed global leader in software and solutions for the insurance industry. Just this week Ebix announced that it is ranked 76th in Fortune magazine's 2017 100 Fastest Growing Companies.

It's subsidiary, Ebix Trades Monitor is a specialist in ensuring contractors, which largely service the residential and commercial property market, are fully compliant with insurance registrations and WHNS commitments, reducing the risk for the strata and body corporate industry. Today I am delighted to welcome Russell Kelleher of Ebix. Welcome, Russell.

Russell Kelleher: Thank you, Amanda. Great to be with you.

Amanda Farmer: Lovely to have you on the show. Now I said the word Ebix a couple of times, and I'm sure many of our listeners, we have strata managers, we have lot owners, have also heard this word. They've seen it on their work orders, on quotes from contractors, they've seen letters come in the mail from Ebix Trades Monitor, and they've kind of thought in the back of their minds, "This is something to do with trades or contractors or plumbers or electricians."

What is this? It's lovely to have you on the show to demystify this for us and explain to us why Ebix is so important and why it's thriving, by the sounds of it. My understanding of Ebix and my memory is its sort of been around maybe for about 10 years, it's probably longer, it has something to do with monitoring trades. The first thing I want to ask you, Russell, why is the effective monitoring of trades such a critical issue for people living in strata?

Russell Kelleher: Look in a word, Amanda, the word is safety. It is critical for the safety of owners, of tenants, of members of the public, not only them but also contractors and tradies that do work on the premises, it also is a means to avoid liability claims for damaged property.

Amanda Farmer: Important stuff, and having Ebix as part of the procedure, I guess, for strata managers who are engaging trades, why is that a good thing? What's Ebix bringing to buildings that helps improve that safety and that compliance and reduce that risk of liability?

Russell Kelleher: What we do is about a 160 strata agencies and body corporate managers outsource the actual checking of contractors to ensure they're properly insured, properly licensed, and to ensure that their ABN, the Australian Business Number, is listed under their business entity. We do those checks as well as company registrations.

Amanda Farmer: Okay, that's a fabulous nutshell summary of what Ebix is. What does a good trades policy, if you like, for a strata building look like? How should a building, and by extension its manager, be dealing with trades and contractors?

Russell Kelleher: Okay, I've got a four-pronged answer here.

Amanda Farmer: Okay.

Russell Kelleher: I hope it's not too long. The first one is that a good trades policy is to ensure that the strata committee has a strong relationship with their strata agent or body corporate manager because they are the experts. If they have the right systems in place, and they will be checking contractors, ABN owners, Australian Business Number, as I mentioned earlier. They'll also ensure that their public liability is insured to a five million or 10 million dollar limit. If contractors or tradies provide advice, a good



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strata agent will be looking for professional indemnity insurance, and usually, that's insured to 10 million or 20 million dollars.

If the contractor does employ workers, they'll be ensuring that they have work cover insurance. The second, and most critical, is licenses. Okay, so electricians, plumbers and air conditioning contractors should hold a license issued by their state-based licensing authority. Outside of those three professions, in New South Wales and Victoria, contractors can carry out work up to \$5,000 without a license. That figure is 3,300 in Queensland, it's \$20,000 in Western Australia, and in South Australia you actually can't carry out work unless you've got a license. If a strata agency or a body corporate manager has a good system in place, they will mark license restricted to those contractors for jobs worth more than these limits.

Amanda Farmer: That's obviously part of what Ebix does, well you tell me, Russell, to check those licenses or make sure that the contractors that are properly licensed are included in your list of contractors. Tell me how that works with Ebix and licensing?

Russell Kelleher: Absolutely. We have a system that was designed in 2005 that is specific to monitoring expiry dates.

Amanda Farmer: Right.

Russell Kelleher: To make them really simple. There may be a public liability insurance on a contractor that expires on a certain date throughout the year. We're able to go to that contractor and approach them for their renewal, the certificate of currency. It's the same with licensing if they expire, we're actually chasing them up.

Now in doing so, we're also double checking that the ABM is still the same because a contractor can go from a sole trader to a company, or to a partnership, so it's really important to double check that situation. That's what we do, our systems are monitoring that. Our system integrates with a number of the proprietary software out there, I might mention a couple of those. One is the Rockend product, which is STRATA Master, the other is StrataMax and PropertyIQ. They're predominantly the ones that are used by strata agencies out there.

Amanda Farmer: Tell me this, Russell, is it the contractor who must register with you, or how do you get connected to the contractor and their details so that you can then crosscheck your database, if you like, for the benefit of the building?

Russell Kelleher: Yes, a good question, Amanda. What happens is that the strata agency or body corporate manager will engage that contractor, and it's usually based on some past workmanship that's been checked. They engage them, they actually type them into their software, and their software, creditor file, actually fully comes to Ebix Trades Monitor, and is run in our system.

We can identify very quickly additional contractors that have been added to the system, or those that have expired, and we take action on those particular contractors. We update those contractors and return the file to the client.

Amanda Farmer: Okay, so if a strata manager, for example, puts Tom's plumbing into their system that they want to engage because it was someone that their chairperson said, "Oh, I met Tom down the street. I really like him, he did a good job at my brother's place and I really like him to do some work for us at the building," they pop that into their system.

You get an alerted Ebix that says, "Ah, here's a new contractor," do you then contact that contractor or you do the research to make sure that everything's valid, you look at public registers and things like that, how does that work?

Russell Kelleher: Yes, sure. Okay, so the creditor file comes us, we'll run the creditor file, Tom's plumbing works will be flagged straightaway, it's a new contractor. We're actually looking through our system to see whether Tom's plumbing is actually working for another strata agency-

Amanda Farmer: Right.



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Russell Kelleher: ... or body corporate manager. He may be linked immediately to the new strata agency, or if there's no evidence that he's in the system we'll actually correspond with that particular contractor. We will then, we actually have a letter that's signed off by the strata agency authorising Ebix Trades Monitor to request insurances and licenses and ABM checks.

Amanda Farmer: Okay.

Russell Kelleher: We probably give that a week for that contractor to respond to us. We can send a second reminder, and usually a third reminder to the contractor.

Amanda Farmer: Does it cost the contractor anything to send their information to you?

Russell Kelleher: Absolutely no cost to the contractor.

Amanda Farmer: Okay.

Russell Kelleher: Our billing system is all to invoicing the client for our services.

Amanda Farmer: Sure. Now, I appreciate that you said you had four prongs and we're only number two, and I've sidetracked you, but the other thing I did just quickly want to raise, you mentioned the professional indemnity insurance.

Now that's putting people like me, lawyers, in the picture here, and we may not consider, we certainly don't consider ourselves a trade, and may not consider ourselves a contractor, but it sounds like professionals, like myself, and maybe accountants or valuers or engineers, it's possible that they too could be on your database and buildings and strata managers would want to make sure that they're professionals appropriately insured, including that they have professional indemnity insurance. Do you have those kinds of contractors on your register as well?

Russell Kelleher: We actually don't, Amanda.

Amanda Farmer: Okay.

Russell Kelleher: We do stick to the repair and maintenance contractors or tradings in our monitoring.

Amanda Farmer: Okay.

Russell Kelleher: If I had a solicitor firm, possibly even an accountancy firm, a utility, possibly a government agency that's going to be a creditor within that file, they're going to be marked exempt from our monitoring.

Amanda Farmer: Oh, okay.

Russell Kelleher: It's purely the contractors that carry out repair and maintenance.

Amanda Farmer: Okay. Fair enough. Good to know. All right. Prong number three, for a good trades policy.

Russell Kelleher: Yes, and we are talking about good trade policy. Many contractors do an annual assessment of their workplace health and safety and documents to ensure they meet the Australian and New Zealand standard. Ebix Trades Monitor employs experienced safety auditors, the checks, and I won't go through all of them, but as an idea of what we do check, we check that they actually have a safety policy in place, that's number one.

Two is, do they have their safe work method statements and job safety analysis, forms, documented? Do they have training records, in terms of carrying out safety-related issues? We carry out an evaluation of their safety plan templates, hazardous

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chemical safety and electrical safety standards, and the other thing is, what we do look for is evidence of accident and injury reporting. There are a number of other documents we check over. Once we do an assessment, we issue contractors with what's called the Australian Standard, the Australian and New Zealand Standard, AS/NZS 4801 2001.

Amanda Farmer: A lot of letters and numbers.

Russell Kelleher: Exactly. That's for contractors that are actually running a professional service out there.

Amanda Farmer: Okay. It comforts me to know that somebody is doing that checking, let me tell you.

Russell Kelleher: Yes, I mean it's a safeguard, and we also, we find that our clients, which are the strata agencies and body corporate managers, they are our bread and butter, they are the people that we want to reduce the risk with, and that is our core business is to reduce risk or minimize risk as much as possible.

Amanda Farmer: Now, Russell, as you said, you work with strata managers, body corporate managers, you're checking in with them how things are going with their buildings, with their trades, whether Ebix is servicing their needs. Who's really loving it, who's doing well, using the service?

Russell Kelleher: Yes, look I can't identify specific owners or buildings, Amanda.

Amanda Farmer: Sure, sure.

Russell Kelleher: Owners corporations that do the following do the best, and I'm coming from a personal experience, I actually live in a strata building myself. There's 4 really important things I would actually talk to owners about, owners corporations, the strata committees.

The first one is to set a courtly levy that actually matches the forecast budget. I would talk to strata committees directly by saying, "Don't be shy. Ask your strata agent or body corporate manager to do a budget a year ahead so you know what levies you should be setting."

Amanda Farmer: Absolutely.

Russell Kelleher: Number 2 is, have a preventative maintenance plan, and there is a number of suppliers out there that can provide that for you, or you could probably set it up for yourself. The 3rd one is, to know what major works are required, because this is very much affects your capital fund, and so have an idea.

There is diagnostic consultants out there, they can actually do an assessment of your building, and say that there's some major works to be done on this building or certain areas of the building. At least you have knowledge of it, and once you have knowledge of it, then you know what you're doing in terms of the capital fund going forward. They're the 4 areas.

Amanda Farmer: Now being a lawyer, Russell, I often see the dark side, the bad side of strata, which others don't see, at least not as often as I do. I see a lot of problems. We talk a bit about problems on the podcast, we also like to talk about solutions and focus more on solutions.

I suppose from my experience when you're dealing with trades, when you're dealing with contractors, whether the work is minor or whether it is a multi-million dollar project, there are issues, and issues which lawyers often get involved in. What are the most common trades problems, I guess I'll call them, you've noticed people face in strata, and how are we going to solve those problems?



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Russell Kelleher: Problems occur when the owners corporations take shortcuts, or the strata committees take shortcuts, and I'm very direct about this. They can recommend a family friend, or they can even recommend work to an eager fellow owner within the building who is always looking for handyman work, so and they can carry out electric work or plumbing job. I mean most people know someone who undercuts the three quote process, as far as I'm concerned.

Amanda Farmer: Sure.

Russell Kelleher: I can't emphasise enough, and I mentioned it earlier, I can't emphasize enough the value of building a relationship with your strata agency or body corporate manager. I mean if they have the right systems in place, they have a list of preferred contractors based on past workmanship.

Amanda Farmer: Sure.

Russell Kelleher: Now some of those strata agencies, they do call on Ebix Trades Monitor, as I mentioned earlier. We help about a 160 strata agencies and body corporate managers to track their contractors compliance. Look, all in all, we monitor about 25,000 contractors across Australia for those particular strata agencies.

Amanda Farmer: I'm not sure if you were involved in the history of Ebix Trades Monitor and the set up of that, Russell, but I suppose it came about as a way to address these problems and make sure that there were competent, qualified, insured, licensed contractors on the books of our strata managers, and so that our buildings could get the benefit of that. Which I think is a really creative and very valuable asset for our sector to have.

Russell Kelleher: Absolutely, Amanda. Trades Monitor was the original name of the company, and it was established in 2001. It was identified by a consultant to the industry that there was some shortcomings from the strata agencies and body corporate managers in ensuring that contractors remained fully insured and fully licensed throughout the 12 month period.

It was very clever on the part of the previous owners, of Trades Monitor, to identify that. It came in 2010, and Ebix, which is a software company, mainly for the insurance industry, identified a really good niche business in Trades Monitor, and the acquisition occurred in 2010, therefore that's where the name came in. Yes, it certainly has been a really good safeguard for the industry, minimizing risk, and it's a simple outsourcing exercise for strata agencies.

Amanda Farmer: Now I'm going to ask you about some quick wins, Russell, and I think I might be able to predict what you're going to say. What can our listeners do to get started with making sure that their trades are properly licensed, properly qualified, the right people for the job, what's the one step they should take today to make sure that happens in their building?

Russell Kelleher: I'd be asking questions of your strata agent, your body corporate manager, I'd be asking what sort of systems do they had in place to monitor their contractors and tradies. In my own personal dealings, these people provide sound advice, particularly the strata agency that I deal with, and good strata managers will have quick access to legal advice because they tap into solicitors and lawyers.

Amanda Farmer: Good advice. I just want to remind our listeners that you can get the transcript of this episode, and I think this is the kind of transcript that you might want to shoot off to your strata manager, and it's a quick and easy way to make sure that they are up to date on what you're up to date on, and know the resources that are available to them, like Ebix, so that they can provide these safeguards to you in your building.

Grab the transcript from yourstrataproperty.com.au/084, being episode 84. All right, Russell, personal question, everybody who comes on the podcast gets it. What books have had the greatest impact on you and why?

Russell Kelleher: Well I have gone through my John Grisham books, and there's a 100 of those. I thought that'll bore the listeners to death-



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Amanda Farmer: They've had a big impact in their weight, no doubt.

Russell Kelleher: Absolutely. Unbelievable, yes. Amanda, I did select a book called Fatal Storm, which was written by Rob Mundle. It's an Australian story, it's the story of the 1998 Sydney to Hobart yacht race, wherein the weather forecast, it didn't look good that year, but the fleet departed Sydney Harbor nonetheless.

The yacht's experienced some really horrible weather conditions, and we lost six sailors that year, and it was a tragic year. Obviously, 1998 was a tragic year, but I always find inspiration in the Sydney to Hobart race. What was impressed upon me is the optimism that these skippers and the crew have and the will to succeed. They do leave, as I said, an indelible mark on me.

Amanda Farmer: Yes, some good stories definitely come out of that race. I'll make sure there's a link to that one in our show notes for any listeners who want to get stuck into that. I love asking our guests that question, it's amazing the breadth of interest and knowledge, and, yes, it's nice to get to know that side of others in the strata sector.

Russell Kelleher: Sure. Thank you.

Amanda Farmer: No worries. Now, before we wrap up, Russell, how do our listeners find out more about you, and is there anything you'd like to add before we say goodbye?

Russell Kelleher: Sure, if listeners want to Google "Trades Monitor", all right, so they just need to Google "Trades Monitor" and send us an inquiry through the website.

Amanda Farmer: Easy.

Russell Kelleher: My only message to owners is to be brave, to put up your hand and go on a strata committee. It's such a character building thing. I mean to build a rapport with your strata agent and body corporate manager, make your building the best it can be. After all, it's your home, it's your investment, that'd be my message.

Amanda Farmer: I love it, and what a great note to finish up on, and I don't think I'll forget that, Russell. Being on the strata committee is character building. I like it.

Russell Kelleher: Absolutely. Absolutely.

Amanda Farmer: Thanks for your time today, Russell.

Russell Kelleher: Thank you. Thanks, Amanda.

Outro: Thank you for listening to Your Strata Property, the podcast which consistently delivers to property owners reliable and accurate information about their strata property. You can access all the information below this episode by the show notes at www.yourstrataproperty.com.au. You can also ask questions in the comments section, which Amanda will answer in her upcoming episodes. How can Amanda help you today?

