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## Fletcher enters mediation over burst pipe debacle in WA



Iplex Pro-fit polybutylene pipes have burst in more than 2000 homes in Western Australia.

Fletcher Building will take part in mediation talks with Western Australian construction company BGC aimed at resolving the leaky pipes debacle in the state.

The talks will be led by former Supreme Court Justice John Chaney.

More than 2000 homes in Western Australia have suffered burst pipes since 2017, the bulk of them built by BGC.

Blame for the bursts has been laid by BGC on a manufacturing fault at Fletcher subsidiary Iplex, maker of the Pro-fit polybutylene pipes used in the plumbing, while Fletcher has blamed faulty installation for the problems.

Fletcher chief executive Ross Taylor, who resigned in February, has warned the issue was likely to end in litigation.

News of the talks follows a call from WA Commerce Minister Sue Ellery last month for the parties to develop an industry-led solution. Ellery told Australian media she had written to Fletcher on January 12 asking the company to increase the level of financial support it was offering for repairs.

“They responded with a request to meet face-to-face where they proposed an industry-led solution,” she said.



Outgoing Fletcher Building chief Ross Taylor.

In a statement, a Fletcher Building spokesperson said: “Fletcher Building is following through on its commitment to work with the WA Government and builders to explore an appropriate, fact based industry-wide response. The mediated process the Government has arranged is part of that.”

#### **Repair fund**

Fletcher last year set up a A\$15 million fund to pay for fixing homes affected but in public has said it will not increase the provision. BGC has yet to access it and is paying for its own repairs.

A Facebook support group set up for people who suffer burst pipes in the state continues to report fresh leaks, as well as homes with repeated bursts.

Many report significant damage and months-long work for repairs. In a statement, Ellery said the state Government recognized it was a distressing situation for families and it was taking the matter seriously.

"I welcome this encouraging development and the agreement from builders to pursue an industry-led solution.

"We want to see the best outcome for consumers who have been affected by this and I am hopeful all parties will participate in good faith.

"I look forward to seeing the outcome from these ongoing discussions."

#### Product recall

Ellery said the mediation process was independent of investigations being undertaken by the state Department of Energy, Mines, Industry Regulation and Safety's Building and Energy and Consumer Protection divisions.

In its [half-year results announcement last month](#), Fletcher said it expected the Consumer Protection division to decide on a potential product recall this month.

"Iplex has submitted that the threshold for a recall has not been met and is therefore not supportable," it said.

"Based on its data and the trends it has drawn (and using BGC's cost estimates), Iplex believes a viable and appropriate industry solution is available. If it is agreed, it would involve rectification costs (not other costs or losses) of around \$100m for the industry, which would be incurred over an estimated 5-6 years."

On Monday, Fletcher chair Bruce Hassall quit as chair and director with immediate effect, two weeks after the company said he would leave at the annual meeting later this year.