



The West Australian

Construction Commercial Property Property WA News

EXCLUSIVE

WA Building Commissioner Kristin Berger replaced as pipe scandal deepens and heads roll at Fletcher Building



John Flint The West Australian

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John Flint



📷 Main image: Chris and Sarah Lyne with their son Nate (7) in one of the damaged rooms of their house. Top right: Outgoing WA Building Commissioner Kristin Berge. Bottom right: Some of the defective pipes stripped out of homes. Credit: The West Australian

WA's Building Commissioner has moved out of the role as the scandal over defective plumbing in thousands of WA homes deepens.

The Sunday Times at the weekend revealed that impacted homeowners had been kept in the dark by the Government on their rights to full replacement of the failing pipes, which went into an estimated 15,000 WA homes.

Zero remedy orders have been issued by the industry regulator to builders who installed the Iplex polybutylene pipes in homes, despite that being the standard practice in the case of other defects.



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Outgoing Building Commissioner, Kristin Berger, has been given a 12-month secondment to the Department of Jobs, Tourism, Science and Innovation.

”Kristin Berger has been approached to lead some urgent economic development policy initiatives that are key priorities for the State Government and she has accepted the opportunity to do so,” a government spokesperson said.

Leadership changes have also taken place at Fletcher Building, the giant New Zealand-based company that owns Iplex.



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John Flint



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stepping down.

The Fletcher Building bosses had faced increasing disquiet from investors on a number of fronts, particularly over its potential billion-dollar-plus liability to fix up WA homes that have been repeatedly flooded from bursting pipes.

In its half-year financial results, the company maintained its position that there were no defects in the Iplex piping. Instead, it blames poor installation practices by Perth plumbers.

“Regarding the ongoing Perth plumbing issues, our testing and expert reports on causation continue to show that that the leaks are caused by installation failures and that there is no manufacturing defect,” Mr Taylor said. “We remain committed to developing a workable and appropriate industry solution.”

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The company did not make provision for higher losses in the half-yearly results, but said the risk remains.

It said its estimate for the number of Perth homes with the Iplex piping had been revised down from 17,500 to 15,000. It claimed fewer than 2200 had reported leaks so far. It alleged there had only been 37 leaks reported in the rest of Australia.



📷 Manufacturing defects in Pro-fit polybutylene pipes made by Iplex Australia and installed by BCG and Delstrat Groups. Credit: Supplied

“There are circumstances, including a recall, where the financial impact could be

Perth group builders, including BGC and Delstrat, who used the Iplex pipes, are hoping the new board adopts a different approach when it's in place.

Consumer Protection is looking into whether it can take the extraordinary step of ordering a mandatory product recall, a move that would almost certainly be fiercely resisted in the courts by Fletcher Building.

The Government last week refused to explain why no building remedy orders had been made and why homeowners weren't being informed of their rights and had effectively been duped.

It answered only one of eight questions put to the regulator, Building and Energy, by The Sunday Times.

Time is running out for affected homeowners to get what they're entitled to under WA building laws. Some are already time-barred from obtaining the remedy orders because six years have lapsed since their homes were completed.

The pipes scandal is a massive headache for the Cook Government and is an existential threat to the companies involved, particularly BGC which built 65 per cent of the impacted homes.

If the regulator, which has determined the product is faulty, slapped remedy orders on the builders, it would likely send them broke, a situation the Government is keen to avoid.

The pipes would then have to be stripped out of homes and replaced under the WA Home Indemnity Insurance scheme, which is underwritten by the Government. That would mean the giant repairs bill would be paid from the public purse.


However, the alternative is thousands of West Australians continuing to live in homes that continue to flood. There are also mounting safety fears. People have suffered ceiling collapses and electric shocks.

Consumer Protection has recently sought details and witness statements of injuries caused by the flooding incidents.

BGC said its customers have reported serious safety issues. The mental anguish from the constant leaks and flooding is also affecting owners, with some receiving mental health treatment.

The West is aware of one homeowner who attempted to take her life.



 A split pipe from a damaged bathroom in one of the affected houses. Credit: Daniel Wilkins/The West Australian

Homeowners have the right to remedy orders under the Building Services (Complaint Resolution and Administration) Act 2011. But they can only access them within six years of the completion of their homes.

Under section 37 of the Act, the Building Commissioner can make the orders if satisfied work “has not been carried out in a proper and proficient manner or is faulty or unsatisfactory”. Affected homeowners must first lodge a “building service complaint”.

Builders hit with remedy orders to replace the defective piping would likely sue the manufacturer to recover their costs.

Fletcher Building has provided a \$15 million fund to assist local builders. The newspaper understands that 39 builders and plumbers have registered to access the funds, but BGC is not among them.

BGC has replaced the piping in the ceilings of some customers’ single-storey homes, but not behind walls. It claims it would cost at least \$750m to fully fix homes built between 2017 and 2022. Other expert estimates are much higher.

Last August, Building and Energy found “work practices and workmanship were not the cause of the nine failures” after an inspection of 50 homes

One hope is that the builders, the manufacturer and the Government can thrash out a compromise when the new Fletcher board is in situ.

The manufacturer is working hard on technical innovations to reinforce the pipes, without them needing to be replaced. If found, that would drastically shrink the repair bill.

“Iplex is committed to engaging with others to develop and deliver a pragmatic industry solution,” it said. “Even if adopted, an industry solution would not preclude legal options for any party.”

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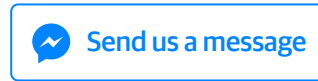
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