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Fletcher decries ‘sensationalist stunt’ from Aussie builder

In a 90-minute presentation CEO Ross Taylor rebuts claims a faulty product is behind bursting pipes in WA, blaming problems on faulty installation.



Fletcher Building chief executive Ross Taylor.

[Tim Hunter](#)
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Fletcher Building has described a presentation by Western Australian building firm BGC on the cause of bursting pipes as a “stunt” and its A\$1.8 billion estimate of potential costs as “sensationalist”.

With its shares still in trading halt [following the BGC presentation](#) late on Wednesday, Fletcher’s chief executive Ross Taylor this afternoon took analysts and media through a comprehensive rebuttal of BGC’s analysis and blamed a spate of leaks in Australian homes on poor installation.

Fletcher first disclosed problems with bursting polybutylene pipes made by its Australian subsidiary Iplex in February and set aside a A\$15 million fund to pay for repairs while its causes were investigated.

Since then the increasing scale of the issue has focused concern on liability, with installer BGC, WA’s biggest home builder, seeking to pin the blame on the manufacturer and vice versa.

While testing commissioned by BGC identified a new resin used by Iplex as the culprit, Fletcher said its own commissioned experts had ruled out resin as the cause.

“The product is not the problem,” said Taylor. “It is the installation.”

Fletcher’s presentation featured two broad themes, one relating to the incident statistics, the other relating to scientific testing of the product.

Fletcher said the incidence of leaks in homes using Iplex’s Pro-fit product showed 1908 leaks over the last two years in about 17,500 WA homes built from 2017 to 2022 – a leak rate of about 11%.

Fletcher said BGC's view there could be thousands of unreported leaks outside WA was not credible.

The company said it had also found four common types of poor installation in Perth homes, involving pipes bent too sharply, pipes installed with no allowance for thermal movement, and damage during installation.

In its investigations of leak incidents Iplex had found 96% featured at least one form of installation failure, Fletcher said.

It appeared the leaks were emerging now because "we believe the quality of installation has eroded at a time when (some) larger home builders were seeking to reduce costs," said Taylor.



Unreliable tests

Fletcher also dismissed BGC's resin theory, saying tests it had commissioned from other scientists disproved it.

"Independent experts believe the environmental stress crack resistance testing carried out by [BGC-commissioned expert] Dr [John] Scheirs was not in full accordance with the referenced ASTM test methods and cannot be relied upon for making a determination of either materials' true environmental stress crack resistance," it said.

Moreover, the Korean resin producer Ylem had not experienced any problems with the product shipped to other customers around the world.

Fletcher said a full product recall – the basis for BGC's A\$1.8b remediation cost figure – was not necessary based on its evidence.

It would cause needless worry for thousands of homeowners, said Taylor, and BGC's suggestion it might be necessary was "quite reckless".

"Realistic scenarios that better align with the facts, suggest that an industry cost to repair Perth houses could be a fraction of that, perhaps in the order of A\$50m to A\$100m."

Taylor told analysts Fletcher would not bear this cost.

"This A\$15m should get us through to the point where we've got a solution, that's all I'm thinking about right now," he said.

"The product is not the problem. It is installation. The science is on our side."

Asked if litigation was likely if Australian regulators stepped aside, Taylor said "yeah".

Fletcher.

“I’m not going to wallow in liability questions,” he said.

“The only reason we’re having this conversation is because of BGC’s stunt.”

Taylor confirmed Fletcher had received BGC’s analysis of the leak causation in June. In the presentation he said it had come as “legally privileged and with an invitation to negotiate”.

However, he acknowledged there was nothing preventing Fletcher from disclosing it at the time.

“The real thing was when we looked at the report, the quality of it and the hypotheses, that’s their latest theory and we’ve been in a rolling scrum of these all the way through,” he said.

“We’ve had BGC go out with that whole presentation and it’s really important that we address it, but ultimately we’ve got to make a judgment call if something’s flawed and incorrect, why would we put that out in the market?”

“The tests we’ve done on the hypothesis in the report is showing it’s not supported.”

Fletcher shares will resume trading at market open on Monday.

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