

BGC warns repair bill for Iplex burst pipes chaos may hit \$700m, with delays expected to fix problem homes



Matt McKenzie The West Australian
Wed, 11 October 2023 5:07AM

The State's biggest builder, BGC Australia, has claimed an extraordinary \$700 million cost to fix troubled pipes in WA homes, and issued a warning that nearly 12,000 properties could be impacted.

The pipes were manufactured by Iplex — owned by Australian Securities Exchange-listed Fletcher Building — and the failures are one problem to be addressed in a major class action bid against the big builder.

BGC general manager strategy and commercial Sam Gray said an expert report pointed to problems in the manufacturing of the pipes, which are now bursting at a rate of six or seven per week. More than 2000 bursts have been identified so far.

He warned in a briefing to media and investors that number could dramatically rise.

The cost to replace the pipes would be as much as \$60,000 per home, Mr Gray said, with the company needing to re-pipe inside walls and potentially temporarily rehouse customers. It was equivalent to half rebuilding a home, he said.

“In this sort of construction market, it's taking us six months to (undertake the repairs),” he said.

[BGC facing big class action by home build customers with litigation funder stepping in 'Just the tip of the iceberg': BGC believes pipe issues could be national problem](#)

“There's simply not enough trades to do it, regardless of who is bearing the cost.”

Mr Gray said BGC was pre-emptively re-piping ceilings.

He said an expert investigation had highlighted issues with the resin used in the manufacturing of the pipes.

In August, the State's building regulator found “work practices and workmanship were not the cause of the pipe failures” after an inspection of 50 homes.

Building and Energy said the matter had been forwarded to the Australian Competition and Consumer Commission under product safety laws.

[Mass polybutylene pipes failure in newly built WA homes blamed on manufacturer Iplex Australia](#)
[Manufacturer blamed for pipe burst chaos, with as many as 1200 WA homes impacted](#)

In its response at that time, Iplex said a manufacturing defect had not yet been identified. The company also said regulators, builders and stakeholders in other States had not reported a significant rate of pipe failures.

Parent company Fletcher entered a trading halt on Tuesday morning ahead of the “market-sensitive” briefing, so the Auckland-based business could respond to the allegations.