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Pressure mounts on Fletcher over Aussie pipe failures

Complete remediation of all properties affected could cost A\$1.8b, says WA building group.



[Tim Hunter](#)
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Fletcher Building's potential liability for a mounting crisis of bursting pipes in newly built Australian homes could reach A\$1.8 billion, says a building company in Western Australia.

In a hastily brought forward presentation late on Wednesday, building group BGC took analysts and media through the detailed findings of an investigation into the causes of leaks affecting thousands homes in the state.

Its analysis casts Fletcher's [A\\$15 million provision to date](#) as woefully inadequate and pins the blame on a changed manufacturing formula for Profit brand plumbing products made by Fletcher's Australian subsidiary Iplex.

Ahead of the presentation Fletcher placed its shares [on trading halt](#) "to ensure the market does not trade materially influenced by false or misleading information".

Fletcher has had a copy of BGC's investigation report since June 2.

Find a resolution

Problems began emerging publicly with bursting pipes in WA in February although Fletcher has downplayed the scale of the issue, saying its causes were yet to be determined.

BGC, WA's biggest home builder, was uniquely placed to see a pattern in the emergency repair calls.

According to its data, there have been 2003 burst pipes in 1118 homes, 99% of them since 2017. Of those, 98% between 2020 and 2022 were in homes built using pipe made from Typlex-1050 resin imported from Ylem Technologies in Korea.

Previously the polybutylene pipe was made with a different resin.

A further 15,000 homes have been built using the product in eastern states.

On the conference call, BGC chief executive Daniel Cooper said large numbers of homeowners were dealing with problems caused by burst pipes.

“We simply seek to find a resolution for our homeowners,” he said.



Can't perform as advertised

Presenting the findings of analysis by forensic engineer Mark Alexander and ExcelPlas' Dr John Scheirs, BGC general manager of strategy Sam Gray said the testing had established the cause of the bursts was environmental stress cracking of the pipes resulting from the chemical composition of the resin in the manufacturing process.

This meant the product was likely to fail when correctly installed.

The testing ruled out other possible causes, such as faulty installation, chlorine effects, water pressure or damage from ultraviolet light.

Although one of the selling points of polybutylene piping was its flexibility, “we’re finding the pipe can’t perform as advertised,” he said.

Gray said the only complete solution was to reinstall the pipework in a home and so far the company had done seven such repairs.

“It’s not a small job,” he said.

The timeframe was about six months and required residents to be rehoused in the interim. On average, the cost was about A\$60,000.

Multiplied by Fletcher’s estimate of 30,000 homes across Australia with the product installed, the cost could be A\$1.8b.

Not much luck

In the meantime, BGC was using a less invasive and less costly repair replacing only the ceiling pipes, which produced the most damage when burst.

Asked by analysts whether homeowners were able to call on the Iplex 25-year guarantee, Gray said BGC was currently bearing the cost of these repairs, which last month totalled A\$1m.

“Customers do have a 25-year guarantee but I’m led to believe customers are not having much luck with Fletchers,” he said.

Gray said Fletcher's estimate appeared to be based on the cost of a ceiling re-pipe only.

"Maybe that's where these numbers are coming from."

Gray said BGC was working on a full product recall with WA Consumer Protection and the Australian Competition & Consumer Commission.

"Our advice is that litigation at this time will result in the regulators stepping away, so we encourage affected parties to let the recall process play out rather than engage in a 3-to-7-year litigation process," it said.

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