

## Blame game: BGC braces for \$700 million plumbing bill over deluge of faulty pipes

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Construction giant BGC forecasts it will cost more than \$700 million to deal with a deluge of faulty pipes used in tens of thousands of new home builds across the country.

During a media and analyst briefing on Wednesday afternoon, BGC general manager of strategy and commercial Sam Gray said the company was responding to 46 leaks each week, with most bursts in pipes manufactured between mid-2017 and mid-2022.



BGC is anticipating a costly remediation bill in the wake of soaring reports of burst and faulty pipes in homes across Western Australia.

“We’re experiencing a very high rate of bursts of the Iplex pipes, we’re seeing upwards of 6.7 a day and 200 in the month in September,” Gray said.

“We’ve had over 2000 bursts across over 1100 homes.

“A full home repipe costs on average \$60,000 per home, each taking over six months to complete incurring significant relocation costs.”

It is believed 30,000 homes in Australia were built with the affected pipes, with half of those in WA and the rest on the east coast.

Gray said relocating homeowners while Perth grapples with a record-low rental vacancy rate of 0.4 per cent was particularly challenging.

“Great scarcity makes it impractical to roll out a program at scale regardless of who pays for the costs,” he said.

“Therefore, we’re doing a ceiling repipe program which can be done in about three quarters of a day and mitigate half of the bursts as an interim measure.”

Gray said the water leaks were posing a serious safety issue.

“We’ve had emails where customers have been around an electric shock from interacting with light switches,” he said.

“We’ve got water pouring out through [power outlets] and interacting with household electronics on the floor.

“We’ve had one of our customers reach out to say that his 18-month-old baby slipped on tiles in the ensuite when the burst had just happened and was taken to hospital.”

Gray said similar faults had occurred on homes in Victoria, and he expected the number of reports to rise.

“We talk about it being the tip of the iceberg, because we think it’s only a matter of time before the issue spreads and people start to pick up and notice that across the rest of Australia,” he said.

“If 10 per cent of the workforce was dedicated to repipes it would take 11 to 12 years and tie up 50 per cent of the state’s rentals.

“Despite our size we’re simply not equipped to deal with this volume of bursts, especially not in an environment that is as trade-constrained as Western Australia.”

The Iplex pipes in question were fitted in about 30,000 homes in Australia between 2017 and 2022.

An investigation by Building and Energy into the mass failure of plumbing pipes used in hundreds of new homes in Perth laid the blame on a manufacturing fault from a particular brand of polybutylene pipe, known as Pro-fit, made by Iplex Australia.

Building and Energy carried out inspections at more than 50 properties where pipe failures occurred and found that installation work practices and workmanship were not the cause of the pipe failures.

On Wednesday, ASX100-listed company Fletcher Building, which pipe manufacturer Iplex is part of, entered into a trading halt pending an announcement.

The company stopped selling its Pro-fit brand of pipes on May 31 last year.

In a statement, Fletcher Building claimed its own investigation and extensive independent testing pointed to installation as the cause of the burst pipes.

“We have also collected evidence from more than 270 individual inspections of homes in Perth constructed by 12 different builders and plumbers,” a spokesman said.

“This has identified significant installation failures, in breach of Australian Standards, the Plumbing Code and installation guidelines.

“These installation failures are the type that generate the plumbing failures that have been experienced by homeowners.”

The spokesman said homeowners could access support from its \$15 million fund to assist with plumbing fixes at no cost. To date, more than 383 jobs have been completed through the fund.