

Iplex pipe failure agreement deal finalised, extends complaints period to 15 years



By Anne Gibson

Property Editor · NZ Herald

Fletcher Building said the Western Australia Government, the New Zealand company's subsidiary Iplex Pipelines Australia, and other stakeholders had finalised an agreement in response to pipe failures after terms were [agreed to in August](#).

In a statement to the NZX, Fletcher indicated this afternoon that the deal agreed to three months ago had now been sealed.

A Fletcher spokesman said terms had remained "materially the same as what was announced [on August 30] so no changes".

Fletcher's statement also stressed that nothing had changed including the 15-year complaints time frame which had been agreed to previously.

"The WA Government has extended the allowable period for those complaints to be lodged from six years to 15 years and is encouraging homeowners to do so," today's Fletcher statement said.

"The terms finalised today remain materially the same as those announced at that time. Iplex Australia's obligations under the industry response will be guaranteed by Fletcher Building Australia and its main subsidiaries," Fletcher said.

On August 30, Fletcher released details of the scheme where Iplex Pipelines Australia - a subsidiary of NZX and ASX-listed company - would provide A\$155 million (\$168m) to pay for the [Perth leaky pipes](#) debacle after it struck a deal with the Western Australia Government to help homeowner victims.

Now that the industry response has been finalised, funding of the agreed work programme is available to participating builders, Fletcher said today.

This month, the state Government passed legislation to introduce a policy by the WA building commissioner about how pipe complaints will be managed.

The industry response makes available a programme of works for all WA homes with failed Typlex Pro-Fit pipes.

Fletcher first estimated the failure would cost A\$2m (\$2.17m) but it has proved far more expensive, with \$168m to be spent over a five-year period.

At that point, it had reached an in-principle agreement to address pipe failures in WA homes constructed with Typlex Pro-Fit pipe.

“On the assumption that the joint industry response is finalised, the company expects to record a pre-tax provision of A\$155m (\$168m) in its FY25 financial statements,” that August 30 statement said.

Today, the company confirmed that and reiterated what the agreement entailed.

Iplex and the WA Government had committed to cover the direct costs of participating builders for the work programme: 80% by Iplex and 20% by the Government.

Builders will pay their own administrative costs.

Ceiling and other pipes will be replaced and temporary accommodation provided for homeowners for whom a full home re-pipe is carried out.

Homeowners and their insurers will have no need to go elsewhere nor be required to fund their own repairs.

The builders who built almost all of the affected homes participated in the mediated discussions for the response, Fletcher said.

All of those builders, except Perth housebuilder BGC which built about 50-60% of the affected homes, had agreed to join the response.

Also in August, Fletcher said BGC planned to sue Iplex over the Pro-Fit pipe issue but Iplex would defend itself.

On August 6, Fletcher announced a class action was filed against Iplex in the Federal Court of Australia by law firm Baker McKenzie on behalf of people who had bought the pipes made by Iplex containing a resin known as Typlex-1050.

“Fletcher has previously made a number of related disclosures regarding polybutylene pipes under the name “Pro-Fit” to which this claim appears to relate,” it said then.

Shareholders have [expressed anger](#) about the Perth pipe problems, asking whether it could extend to other countries but ex- chief executive Ross Taylor told them at last year’s annual

meeting that the company had looked at other countries including the United States, many different events with polybutylene and if that was applicable to the Western Australia situation.

"We've done a lot of work to see if there's anything else in history and we're finding the issues in WA specific. We've ruled out water chemistry because too much chlorine can give you problems," Taylor said last year.

Shares are trading around \$3.12, down 28% annually and giving a market capitalisation of \$3.4 billion.

Anne Gibson has been the *Herald's* property editor for 24 years, written books and covered property extensively here and overseas.