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Construction Manufacturing

Fletcher Building warns Iplex pipe fix cash is draining out amid talks with BGC and regulators



Matt McKenzie The West Australian
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 About 2500 WA homes have suffered from water leaks. Credit: Supplied

Fletcher Building's \$15 million fund to help support victims of the Iplex burst pipes saga could run out in days without a deal between the companies involved.

About 2500 WA homes have suffered from water leaks and Fletcher has been in a bitter war with BGC over the cause.

Iplex-owner Fletcher says the pipes were installed poorly – pointing to data that WA is dramatically over-represented by the leaks – while BGC and State regulators say there were manufacturing defects.

The businesses have been in negotiations mediated by the State Government, with a compulsory recall possible.

Auckland-based Fletcher previously pledged \$15m to fix up and replace pipes last year.

But that cash is fast running out, with the company telling shareholders “the remaining balance will be exhausted by about the first week of September 2024” without an agreement on an industry response.

“We remain focused on reaching a pragmatic industry response to the plumbing matters in WA,” the company said as it reported annual results.

“Constructive negotiations continue and Iplex is intent on trying to reach an agreement in principle with the Government and key parties in the near term.”

Fletcher also said leak detectors were being installed in homes across Perth, noting that new leaks were 30 per cent lower in the year to June than in the same period last year.

It’s understood BGC did not access the \$15m Iplex program and has funded its own repairs. That has totalled \$18m.

Fletcher has previously said the lion’s share of the pipe failures were on jobs by BGC and two local plumbing companies.

BGC last year extraordinarily claimed the bill to fix the pipes across 30,000 homes could hit \$700m. Iplex was more measured, estimating a cost of \$50m to \$100m, labelling BGC’s claim “sensationalist” and a “stunt”.

Fletcher shares sunk 2.8 per cent to \$3 each on Wednesday trade after the business posted a \$227m loss on roughly steady revenue.
