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EXCLUSIVE

Builder BGC warns bursting pipes from Iplex piping nightmare is getting worse in Perth homes



John Flint The West Australian
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 The failure of Iplex polybutylene pipes has caused repeated flooding of thousands of homes across Perth. Credit: The West Australian


The bursting water pipes crisis impacting thousands of Perth homes is getting worse with rate of bursts increasing, according to builder BGC.

Meanwhile, Cook Government-brokered negotiations on an industry-led solution to the crisis have so far failed to make any headway despite months of talking.

BGC, the biggest group builder to use the “defective” Iplex piping, said it had ceased mediating with manufacturer, Fletcher Building, “some time ago”, but said talks had recommenced “following the State Government’s involvement and request we partake.”

The failure of Iplex polybutylene pipes has caused repeated flooding of thousands of homes across Perth, with extensive property damage and people forced to move out, sometimes for months, as damage is repaired – only for more leaks to often occur.



 Thousands of WA homeowners impacted by the defective Iplex pipe saga. Pictured - Split pipe from the damaged bathroom Credit: Daniel Wilkins/The West Australian

It has exacted a mental toll on affected families, who are in constant fear of fresh leaks.

BGC claims the pipes were faulty and has blamed the manufacturer, which in turn denies the product is defective and claims incorrect installation is the cause of all the leaks.

“The situation is getting worse. Bursts are over 20 per cent higher than the same period last year,” CEO Danny Cooper said on Thursday.

“No builder can afford to carry the cost of this issue.”

The State Government, which is still pinning its hopes on negotiations succeeding, was disappointed by BGC’s comments.

In its latest update, BGC said the company had just tipped over 3,000 total bursts across 1,500 homes.

It said seasonally adjusted bursts were between 21 per cent higher in the summer than the previous summer. In winter, they were 37 per cent higher than the prior

winter.

“We have about 110 bursts per month over summer, with about 40 homes bursting for the first time each month,” the company said.



📷 Chris Lyne and Sarah Lyne with their son Nate Lyne in one of the damaged rooms in their Iplex piped home. Credit: Daniel Wilkins/The West Australian

“We’ve competed ~700 ceiling re-pipes which are helping keep burst rates down, combined with an unusually warm Autumn in Perth.

“We estimate that the average cost of a full home re-pipe is now \$80,000 for a BGC home, driven largely by finishing trade inflation underway in WA.

“Just fully repairing/re-piping the homes that have burst so far equates to \$123 million.”

BGC said Housing Minister John Carey had requested the builder address at risk public housing as a priority. It claimed an additional \$44 million will be required to re-pipe these homes.

The West revealed in March that former Supreme Court justice John Chaney had been tasked by the Government to oversee negotiations between warring companies to mediate a commercial resolution on the \$1 billion-plus fix, that will likely require all the piping to be replaced.

Commerce Minister Sue Ellery had approached the companies and urged them to enter talks to end the deadlock.

The Minister on Thursday told The West she was disappointed by BGC’s comments.

She also said it was “disappointing that BGC, the largest supplier of these pipes in homes, chose to withdraw from the mediation process early on.”

“The State Government’s priority throughout this process has been to ensure the best outcome possible for Western Australians who have been impacted by leaking pipes,” she said. “Our key focus, in what is a commercial dispute, is to ensure the safety of homeowners and the rectification of faulty pipes while ensuring WA builders remain in business.

“Last month the State Government agreed to requests from all the stakeholders, including BGC, to formally join the mediation and contribute an amount of \$30 million to an industry fund which would see homes rectified and kept safe and so we asked BGC to rejoin the mediation. They agreed.

“I understand BGC is meeting with the mediation team again this afternoon. This makes their public comments all the more disappointing.”

The West understands there is a larger sum of money in the industry fund, between \$130-to-\$150 million, which included a large contribution from Fletcher Building.

Mr Cooper said BGC supported “the Government’s three goals of protecting homeowners, protecting the WA building industry and resolving the issue in social housing.”

“Our goal is to agree a long-term solution that solves the problem once and for all, and avoid anything that kicks the can down road,” he said.

The mediation process was independent of investigations being undertaken by the Building and Energy and Consumer Protection divisions of the Department of Energy, Mines, Industry Regulation and Safety.



 Thousands of WA homeowners have been impacted by the defective Iplex pipe saga Credit: Daniel Wilkins/The West Australian

There is concern that large numbers of impacted customers are becoming time barred from seeking remedy orders under WA’s building laws.

Impacted homeowners whose building was completed within the past six years can lodge a building service complaint with Building and Energy.

The regulator can issue remedy orders for the pipes to be replaced.

Many are already time-barred from obtaining the remedy orders because six years have lapsed since their homes were completed.

No remedy orders have so far been issued by the industry regulator to builders who installed the Iplex pipes in homes, despite that being the standard practice in the case of other defects.

Consumer Protection was separately looking into whether it can take the extraordinary step of ordering a mandatory product recall. Such a move that would almost certainly be fiercely resisted in the courts by Fletcher Building.

Consumer Protection has sought details and witness statements of injuries and electric shocks caused by the flooding incidents.

BGC, which built about 65 per cent of the impacted homes, would like to see a product recall.

“We haven’t had an update on the recall investigation or timing for a decision,” Mr Cooper said.

Ms Ellery said investigations were ongoing and when completed, she would consider a product recall.

“This would be the first recall of its kind in Western Australia,” she said.

“It is a complex process and requires thorough investigation to ensure the best outcome for those impacted by this issue. While this process remains ongoing, the State Government is keen to continue to pursue an (industry solution), which we are confident will deliver the best outcome for the homeowners.

“Customers impacted are encouraged to lodge their complaint with Building and Energy, which will preserve their right beyond the six year statutory limit.”

In February, Ms Ellery said she’d not ruled out strong actions if the talks failed, with an estimated 15,000 homes impacted by the failing pipes.

If the regulator, which has determined the product is faulty, slapped remedy orders on the builders, it would likely send them broke, a situation the Government is keen to avoid.

Not least because the pipes would then have to be stripped out of homes and replaced under WA Home Indemnity Insurance scheme, which is underwritten by the Government.

But the alternative is thousands of West Australians continuing to live in “ticking timebomb” homes that continue to flood. Some have suffered dangerous ceiling collapses and electric shocks.

