

Class action likely against Steel & Tube

SALLY LINDSAY · WEDNESDAY AUGUST 31, 2016



Adina Thorn

Construction and building litigation specialist Adina Thorn Lawyers is launching a class action against steel mesh suppliers who have supplied products in the past four years that do not meet earthquake standards.

Ms Thorn is expecting to take a fully funded class action on behalf of building owners and is inviting registrations of interest.

The issue emerged in March when it was revealed that hundreds of thousands of non-complying steel mesh sheets had been supplied to builders throughout New Zealand from mid-2012.

The Ministry of Business, Innovation and Employment (MBIE) said it was investigating companies that had supplied steel reinforcing mesh to builders

and construction firms that did not meet the grade 500E requirement, which relates to the ductility or flexibility of the steel concerned.

Steel & Tube Holdings [NZX:STU] is being investigated by the Commerce Commission for making claims that its products had been certified as complying with standard 500E by using the logo of an independent testing laboratory, which had in fact not tested or certified the product.

Ms Thorn says a number of companies in addition to Steel and Tube may be named in the proposed class action.

MBIE's existing investigation may result in fines for the companies that have supplied the non-complying mesh, Ms Thorn says, but this is not likely to deliver any financial reinstatement for the owners of affected buildings.

“This is a problem because, in the advent of a natural disaster, the use of non-complying steel mesh could compromise insurance claims, pose a risk to life and cause widespread financial losses. Its existence could also affect the future and present market value of the buildings concerned.”

She says the proposed class action is to be funded by London-based Harbour Litigation Funding, Britain's biggest litigation funder.

Harbour is also funding Ms Thorn's \$250 million class action against the James Hardie group of companies in respect of plaster cladding products.

She says the existence of funding means owners of affected buildings can join the class action without incurring any out-of-pocket expenses, as Harbour will cover legal, expert, research, litigation, communication and administration costs, in return for a share of any proceeds recovered in the action.

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