

**2015**

**THE LEGISLATIVE ASSEMBLY FOR THE  
AUSTRALIAN CAPITAL TERRITORY**

**Update on the ACT Government response to the issue of 'Mr Fluffy' loose fill  
asbestos**

**MINISTERIAL STATEMENT  
March 2015**

**Presented by  
Andrew Barr MLA  
Chief Minister**

I am pleased to today update Members on the work of the Asbestos Response Taskforce in line with the Government's undertaking to provide regular reporting to the Assembly.

As well as reporting on the quarter – of October to December 2014 - I will also update members of the recent activity of the Taskforce including the progress of the Buyback Program and how homeowners are being supported through this process.

I advise the Assembly that future quarterly updates now that we are moving into another phase of the Taskforce's work, being demolition of properties and resale of cleared blocks, will be provided as a reporting document to be tabled to the assembly, rather than by statement.

I will however continue to provide Ministerial Statements as necessary on the work of the Taskforce outside of, or to complement, the reports.

Madam Speaker, it has now been nine months since the Taskforce was established to provide a coordinated approach to the management and response to the issue of 'Mr Fluffy' loose fill asbestos impacting on our community.

In that time a substantial amount of work has been undertaken.

This has included:

- providing advice to the ACT Government on this complex social, health, safety, community and regulatory issue
- intensive and direct support to homeowners
- information to the broader community on this issue
- creating linkages with community service providers to provide targeted support for homeowners, such as the elderly
- working with banks, businesses and utilities providers to support affected homeowners
- working with Commonwealth Government agencies and Ministers around issues such as taxation and social security payments
- developing and implementing guidance to support the Buyback Program as well as asbestos management in the ACT, such as the enactment of the national model asbestos management laws through the Work Health and Safety Act
- working closely with NSW to support their response to this issue.

The last nine months has also been a challenging period of time for homeowners and families in the 1021 houses affected by this significant issue.

I acknowledge this and assure homeowners that the government and Taskforce are doing as much as we reasonably can to support you.

In saying this I am very aware that the Buyback Program does not meet all homeowner expectations.

Some of the expectations we cannot meet are due to health and safety reasons. Others because of the cost it would cause our community or equity issues it would create in a response that needs to support all homeowners.

An example of a health and safety tension is around homeowners seeking to remain in affected houses in the long term, or indeed in some cases, indefinitely. Unfortunately this cannot occur.

The advice from experts and the Taskforce to the ACT Government remains that these houses cannot be saved. The asbestos exposure risks cannot be effectively managed in the long term. Demolition is the only enduring solution to this issue. It remains the Government's advice that all affected homes should be vacated, and this is why we offered to purchase them all at a value ignoring the presence of loose fill asbestos on 28 October last year.

Madam Speaker, lets come back to why this is the case.

Six or even three months ago asbestos fibres were being routinely detected in the living areas of affected homes.

In children's bedrooms. In kitchens. In built in wardrobes. Living rooms.

We now know these fibres are not just in the ceiling spaces, walls and subfloors of these houses - they are coming through cracks in cornices, through heating and cooling systems and gaps in wall cavities.

To put this in perspective, in more than 60 percent of the 1000 asbestos assessments undertaken to date on these homes fibres have been detected in living areas.

That means some 600 Canberra families were living with raw amosite asbestos fibres in the inside of their houses.

I want to make it very clear that this doesn't mean the other 40 percent of homes where fibres have not been found in living areas are safe.

We know the fibres are in the ceilings, walls and subfloors and is inevitable that these fibres would eventually find their way in to the living spaces of these homes.

We as a government and community had to act and did, even without support from the Commonwealth Government that was expected given the history of this issue.

We have done the best we can to respond quickly, fairly and within our means.

We know many homeowners want the government to support assisted private demolition of their houses.

Madam Speaker, what this means in practice is for the ACT Government to purchase the homes and refund the cost of demolition and block clearing while homeowners keep their land through this program and do not need to repurchase it.

I can assure you that this option was considered fully by the Taskforce and the government during development of the Buyback Program.

It was not progressed for a range of reasons including broader equity considerations for the 1021 affected homeowners – as it would favour those able to afford to pay for the demolition works upfront as well as temporary accommodation while a property was rebuilt - as well as overall financial and logistical impacts of the scheme. This included the net impact of the Scheme on the Territory Budget.

Even when blocks are resold after remediation to assist in offsetting some of the costs of this program it is still going to cost the ACT community at least \$400 million.

This is significant and as analysts have predicted will impact our bottom line for years to come after the 'Mr Fluffy' response. [November 2014, ANZ Senior Economists]

The ACT Government considers the Buyback Program which was announced on 28 October 2014, to be the fairest and most responsible program available to the ACT. It is at the edge of affordability for the Territory.

The Buyback Program provides homeowners with:

- an opportunity to move to another property by providing market value of the affected property ignoring the presence of loose fill asbestos,
- a stamp duty waiver to support their purchase of a new home in Canberra
- relocation support which is up to \$14,000 for a family of four
- first right of refusal in repurchasing of the block, and
- Land Rent provisions for eligible homeowners.

To date, Madam Speaker, 902 of the 1021 homeowners, or 90 percent [88 percent] have 'opted in' to the Buyback to have their house valued.

The valuation process means two independent valuations take place on the house by experienced valuers appointed by the Australian Property Institute of the ACT. The average of these valuations then forms the offer price to the homeowner from the ACT Government.

Offers have ranged from \$360,000 up to \$3 million from the 786 houses having both valuations undertaken to date. This shows the breadth of properties impacted by this issue, which spans across 58 of our suburbs.

To date 609 homeowners have accepted an offer for their house to be purchased by the government. This means 60 percent of homeowners are now in the active process of selling their house through the Buyback Program, and there is still more than three months until the Program closes.

As at today the ACT Government owns 208 houses and is overseeing the security and maintenance of these properties.

Comparing this to the October-December quarter, 739 homeowners had 'opted in', 151 offers had been made, 56 of these had been accepted, and the ACT owned five properties.

This shows how busy the last few months has been for the Taskforce.

It also illustrates that while there are, and will likely always remain despite our best efforts, a small number of homeowners who remain fundamentally against the Buyback Program, the majority of homeowners are seeing it for what it is – a lifeline to move on to another property in as fair and responsive way as possible.

With 60 percent [59.6 percent] of homeowners and this number growing each day taking part in the program, this is why I have publically said on a number of occasions that the Buyback Program will not be changing, and will reiterate it again today.

Also, once the Buyback closes on 30 June 2015, there will not be a better offer from the ACT Government.

I am stating this to provide certainty for those already in and through the program.

I also do not want homeowners sitting back and not engaging with the Taskforce as they think pressure will see the program change or another option from the ACT Government will come.

It will not and cannot - for the affordability of the Territory and to provide equity and fairness for homeowners.

The Taskforce continues to support homeowners through this challenging time. This includes the provision of financial assistance –initially as emergency assistance and now the administration of the Relocation Assistance Grant which supports homeowners move to safer accommodation.

In the period of 1 October and 31 December 2014 more than \$1.5 million [\$1.525m] in financial assistance was provided to homeowners through 345 payments, of these 94 were Relocation Assistance Grant Payments.

In addition \$738,000 was spent on 544 asbestos assessments of affected properties.

To date, 1015 asbestos assessments have been undertaken at a cost of \$1.3 million [\$1.283m], 764 financial assistance payments have been made to homeowners totalling \$4.1 million [\$4.122m] and of these 294 have been Relocation Assistance Grant payments.

As well as financial assistance, homeowners are being supported through a one on one approach by a team of experienced senior Personal Support Team members.

The team work to assist homeowners through information provision, linking with other service providers and government to ensure they have the support and information to make informed decisions through the Buyback Program.

Each homeowner has an assigned case officer, to ensure continuity of support and so homeowners only need to tell their story once.

The team work with hundreds of homeowners each week, and at the start of this year increased their accessibility by relocating to suburb centres of Dickson, Woden, Kippax and Tuggeranong to provide for greater face to face engagement support.

By connecting with providers such as Belconnen, Woden and Northside Community Services, the Taskforce is linking homeowners to other existing services providing greater holistic support.

Since community-based Taskforce support was launched, there have been in excess of 270 visits by homeowners across these sites. This does not include the visits to the Taskforce's central office in the city, or email and phone contacts.

In addition to the work of the Personal Support Team, a dedicated team of six officers operate within Canberra Connect, providing information and support to homeowners and the broader community.

Between October and December this team responded to 1418 calls relating to Mr Fluffy. In total, there have been 4067 calls through this team since they were stood up as part of the ACT Government's response on 25 June 2014.

The Taskforce's webpage, which has recently been refreshed to enhance accessibility, has recorded in excess of 59,000 <sup>[59,314]</sup> unique views since it was created and regular e-newsletters are being sent directly to more than 2000 people.

The Taskforce is also working hard to support homeowners who need extra support such as elderly homeowners and those with disability. Examples include targeted information provision and working across government, service providers and industry to ensure a comprehensive and connected response.

Madam speaker, I do want to particularly highlight the support in place for elderly homeowners affected by this issue.

The government and Taskforce are aware of the significant impact this issue is having on senior homeowners and are working hard to make any transitions as smooth as we can.

Many of these homeowners thought they would not need to move houses again in their lifetime, others may have put the asbestos insulation in themselves and then went through the original remediation program, and like many thought it was now safe.

Others purchased the homes as they aged to move closer to family, friends and services. We know these are real, emotive and considerable issues.

Firstly it is important to note that any homeowner, including senior homeowners, who are taking part in the Buyback Program do not need to leave their houses by 30 June 2015.

While, for safety reasons, the Taskforce's advice to all homeowners is to leave quickly and the Buyback Program supports this, the Government has tried to be as flexible as possible in enabling homeowners to stay in their homes in the medium term – being up to five years – or to June 2020.

This is an option many of our senior homeowners are looking to take. What this means in practice is that a homeowner 'opts in' to the program and has two independent free valuations of their property undertaken.

An offer is then made by the ACT Government to the homeowner to purchase the property which is the average of the two valuations. If the homeowner accepts, a longer settlement period can be negotiated, with the homeowner receiving the funds at the end of this period.

Homeowners staying in their homes past 30 June 2015 will need to have an Asbestos Management Plan and associated actions put in place. This is to support their safety as well as others who may need to visit or work in the homes such as tradespeople or home care/service providers.

There will be a cost associated with this work for homeowners and the Taskforce will work with senior homeowners on ways to alleviate some of the cost pressure where possible.

Other ways the Taskforce is providing targeted support to senior homeowners includes, but is not limited to:

- working closely with providers such as Council of the Ageing
- ensuring communications are accessible for senior homeowners such as providing hard copy and large print resources by post
- hosting specific senior homeowner morning teas and forums – three have been held to date, the most recent being at the Northside Community Service on 6 March 2015 which included speakers and representatives of the Taskforce, Department of Human Services, Real Estate Institute of the ACT, the Community and Expert Reference Group, Northside Men's Shed, Council of the Ageing, Australian Furniture Removalist Association, professional organisers, financial services providers and aged care accommodation representatives
- exploring opportunities for an advocate or partner program where retired public servants or professionals provide support to senior homeowners in interpreting and completing paperwork if needed independent of the Taskforce
- the government has made representations to the Federal Government around allowing payments from the Buyback Program to be exempt from asset tests for social security payments and pensions - this has been implemented

- working with local community services around provision of practical assistance for senior homeowners such as packing boxes or providing free supported transportation assistance.

We are all aware of the significant impact this is having – including emotionally for homeowners.

The government is continuing its partnership with ACT Medicare Local, which covers the cost of homeowners accessing psychological and emotional support.

The government has also continued to examine the health impacts of the Mr Fluffy issue through ACT Health in partnership with the Taskforce.

On 16 February 2015 I jointly, with Minister for Health Simon Corbell announced a research project to be undertaken by the Australian National University's National Centre for Epidemiology and Population Health potential health impacts that this type of asbestos may have on residents who are living or have lived in these homes.

This is important work and was requested by current and former homeowners. The government will update Members and the community on this multi-year project as it is undertaken.

The Taskforce is also continuing to work with the Community and Expert Reference Group (CERG) in this important area. Between October and December, the CERG met six times, and has met twice so far this year.

Led by Chair Dr Sue Packer, the group also includes representatives of affected homeowners, community services, unions, industry, business and government.

The CERG has provided another way for the community to speak to the Taskforce and for the Taskforce to speak to the community. CERG has advised the Taskforce of the general feelings of the affected and impacted community during the development and implementation of the Loose Fill Asbestos Insulation Eradication Scheme and provided advice and support around policy development and support.

While I have updated members at length on the support being provided to homeowners and the Buyback Scheme updates, I would like to take a moment to touch on the considerable policy development the Taskforce has undertaken in the short time it has been in operation, and foreshadow some key policy decisions and activity in the next few months.

Work to date has included:

- The passage and enactment of the national model asbestos management laws through the *Work Health and Safety Act*. This ensures the Territory retains its best

practice asbestos management regime generally and is able to effectively utilise the national workforce to deliver the scheme

- Enactment of various laws and regulation amendments to enable the implementation of the Buyback Scheme such as:
  - the *Tax Administration Amendment Regulation 2014* - allowed the Commissioner for Revenue to provide personal information of rate payers to the Taskforce to enable it to write personally to owners of affected homes
  - *Information Privacy Regulation 2014* – allowed provision of advice as to whether a home is affected by loose fill asbestos insulation – to tenants, former owners and tradespeople who have worked on a home
  - *Work Health and Safety Amendment Regulation 2014* – introduced the mandatory notification to WorkSafe of demolition (and asbestos removal) in Mr Fluffy homes
  - *Dangerous Substances Amendment Regulation 2014* – allowed the mandatory tagging of affected homes
  - Instrument under the *Taxation Administration Act* to give effect to stamp duty concessions through the program.

In addition the Bill passed in the Assembly last week provides practical support for affected homeowners as well as administrative and regulatory amendments to enable the continued rollout of the Buyback and Demolition Program.

The *Dangerous Substances (Loose Fill Asbestos Eradication) Legislation Amendment Bill 2015* allows eligible homeowners with solar panel arrays which were part of an ACT Government legislated feed-in tariff scheme to transfer tariff arrangements when moving to a new home.

This means they will not be disadvantaged through having to leave their generator on the premises on surrendering the premises to the Territory. They will be able to retain their 20 year contracts for the 'premium feed-in rate' if they have a generator affixed to their new property.

This is an issue which affects a small number of homeowners, but one which is very important to those owners and we are pleased to provide this additional support during the difficult time.

This Bill also provides for a register of affected residential premises to be published. To date, the ACT Government has respected the wishes of homeowners for privacy and not released a list of affected addresses.

Instead search functions have been established for former tenants, homeowners and tradespeople through the Environment and Planning Directorate. Tagging of an affected property's meter box and switchboard, as well as mandatory disclosure, has assisted in advising tradespeople of the status of a property.

I know this will be confronting for many homeowners, but there needs to be a register in place to assist in the full administration and processes of the Buyback Program. It will also facilitate the longer term management of properties where owners choose not to participate in the Buyback Program.

Finally, the Bill also:

- Strengthened the information for prospective buyers so they are notified on title of the presence of loose fill asbestos in a property or at a site. This administrative interest will only exist until a house is demolished and the land remediated;
- introduced special provisions to enable tenants and landlords to terminate a tenancy in order to move to new accommodation, or surrender an affected property while continuing to provide significant safeguards and relocation assistance for tenants; and
- removed the need for owners of affected units to provide building and pest inspection and energy efficiency rating reports as part of the contract of sale, as these create an additional burden on the seller and cost on the Territory.

Several guides and policies have been developed for homeowners and industry around working in 'Mr Fluffy' homes, removing contents, fixtures and fittings, as well as issues such as stamp duty concession provisions.

Finally, the next few months will continue to be busy for the Taskforce as the Buyback Program draws to a close and the next phase of the Taskforce's activity – being the demolition of affected houses begins.

This will see the focus shift from directly from engaging with homeowners to the broader community as we work to educate Canberrans that the demolition works can and will be done safely and efficiently.

WorkSafe ACT and ACT Health will continue to be key partners in this work and I thank them for their support to date.

Prior to this work commencing, homeowners will begin receiving greater detail from the Taskforce around what medium term Asbestos Management Plan requirements will entail for those wanting to stay in their homes post 30 June 2015 to assist in their decision making.

I encourage homeowners to continue to work with the Taskforce around their individual circumstances and requirements.

The Environment and Planning Directorate will also be undertaking community consultation on the minor proposed amendments to the Territory Plan which will affect blocks in RZ1 zones surrendered through the Buyback Program, to assist in alleviating some of the cost pressure to the Territory through the scheme.

I will be seeking support of Members around seeing this important variation through the Assembly.

While the work of the Taskforce is far from complete, I would like to thank the officers of the Taskforce for their ongoing commitment and professionalism shown in their work and in their support to homeowners and the community.

The role they are undertaking is difficult not only in a policy sense but also socially with high levels of emotion present due to the nature of the issue.

I am sure Members will support me in their appreciation of the efforts of the Taskforce, and I look forward to continuing to update the Assembly on the ACT Government's Response to this important issue.