

2018

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

**REPORT: IMPLEMENTATION OF THE
LOOSE FILL ASBESTOS INSULATION ERADICATION SCHEME**

1 JANUARY 2018 – 30 JUNE 2018

**Presented by
Mr Mick Gentleman MLA
Minister for Planning and Land Management**

Contents

Contents	2
1. Overview	3
2. Implementing the Scheme – Governance Arrangements	4
3. Assistance Phase	5
<i>Table 1: Client Relationship Management (CRM) System Interactions</i>	5
<i>Figure 1: Client Relationship Management System Interactions</i>	5
Homeowner Support.....	6
<i>Table 2: Relocation Assistance Grants and Stamp Duty Concessions</i>	6
Land Rent	6
<i>Table 3: Land Rent applications and leases</i>	6
4. Buyback Phase	7
<i>Table 4: Participation in the Scheme as at 30 June 2018</i>	7
Voluntary Buyback Program	7
<i>Table 5: Voluntary Buyback Program Offers and Settlements</i>	7
5. Demolition Phase	8
<i>Table 6: Demolition and Deregistration Activity</i>	8
Complex Properties.....	8
<i>Table 7: Complex Properties Progress</i>	9
6. Sales Phase	10
<i>Table 8: First Right of Refusal and Public Sales</i>	11
7. Financial Impact	12
<i>Table 9: Buyback Program Expenditure (based on settlement for affected and eligible impacted)...</i>	12
<i>Table 10: Demolition Expenditure (based on demolitions contracted to-date, including contract variations).....</i>	12
<i>Table 11: Sales Program Revenue (based on exchanged contracts).....</i>	12
8. Community Information and Engagement	13
<i>Table 13: Correspondence with Neighbours</i>	13
<i>Figure 2: Taskforce Activity – a Cumulative Overview</i>	14
9. Scheme Governance	15
10. Conclusion	15

1. Overview

Since the implementation of the ACT Government's Loose Fill Asbestos Insulation Eradication Scheme (the Scheme), thirteen Quarterly Reports have been presented to the Legislative Assembly providing a progress update on the eradication of loose fill asbestos from residential properties in the ACT.

In late 2017 it was agreed that as the work of the Asbestos Response Taskforce (Taskforce) was slowing and the bulk of the affected properties had been demolished, reporting would be reduced to half yearly with reports prepared as at the end of June and December each year.

This report describes the activities of the Taskforce for January - June 2018, which saw:

- the safe demolition of 35 properties (34 affected and one impacted), bringing the total number of demolitions under the Taskforce program to 929 (927 affected and two impacted) at the end of the reporting period;
- the removal of 68 blocks from the *Affected Residential Premises Register*, bringing the total number of deregistrations to 945 at the end of the reporting period;
- 58 First Right of Refusal (FROR) offers made to former homeowners providing an opportunity to purchase their remediated block;
- significant activity in the public sales program, with 165 remediated blocks released for sale and 207 sales completed;
- continued engagement with former owners of affected houses through the FROR process, and neighbours in relation to demolition activity; and
- solid progress on the 'complex properties' with six affected and one impacted property demolished; five motions to demolish affected unit-titled properties passed under *Unit Titles (Management) Act 2011* requirements; two Development Applications lodged and one approved.

Recognising the Scheme continues to be implemented and the backward-looking nature of this reporting series, key performance statistics as at 27 July 2018 are provided below:

- the owners of 994 affected properties (including 12 assisted private demolitions and five Housing ACT properties) and 14 eligible impacted properties had agreed to participate in the Scheme;
- 952 affected properties demolished (930 by the Taskforce, 12 assisted private demolition and 10 privately);
- 946 blocks had been deregistered;
- 626 FROR offers had been made;
- 793 remediated blocks had been offered for public sale;
- contracts for sale had been exchanged on 747 remediated blocks (45 FROR, 5 direct to an ACT Government agency and 697 public sale); and
- sales have been settled on 700 blocks (45 FROR, 5 direct sale to an ACT Government agency and 650 public sales).

2. Implementing the Scheme – Governance Arrangements

Ministerial responsibility for the Scheme currently sits with the Minister for Planning and Land Management, Mr Mick Gentleman MLA.

The Taskforce forms part of the Urban Renewal stream of the Environment, Planning and Sustainable Development Directorate (EPSDD), reflecting the well advanced nature of the Scheme with significant focus now on the sale of remediated blocks and the renewal of affected streets.

Under the Taskforce's governance framework, the Scheme is divided into four phases:

- Assistance;
- Buyback;
- Demolition; and
- Sales.

Progress during the first half of 2018 is reported against each of these phases in the following sections, as is activity undertaken in relation to communications, finance, and governance.

3. Assistance Phase

The Assistance Phase work, undertaken primarily by the Taskforce's Personal Support Team (PST), continues with a focus on:

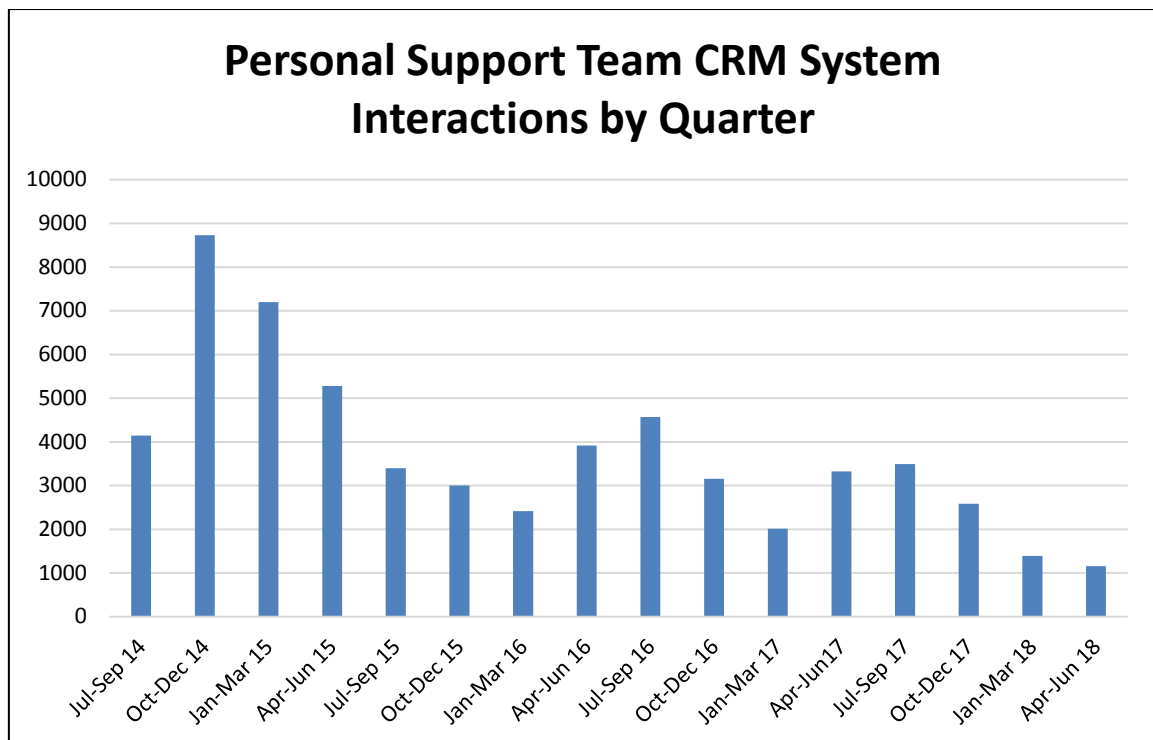
- supporting owners considering their First Right of Refusal offer to purchase their former property following demolition and remediation;
- making contact with owners, tenants and landlords who have progressed through all phases of the Scheme to confirm they have their support and information needs met and assist them to connect to appropriate community services as needed; and
- providing information and support to homeowners and tenants who remain in their homes.

Table 1 and Figure 1 reports the interactions by PST from commencement of the Scheme. The number of interactions is expected to slowly decline over the remainder of 2018 as Scheme activity slows.

Table 1: Client Relationship Management (CRM) System Interactions

	As at 31 December 2017	As at 30 June 2018	Interactions
CRM Interactions	57,260	59,807	2,547

Figure 1: Client Relationship Management System Interactions



Homeowner Support

In the first half of 2018, PST have continued to close cases where homeowners do not require further assistance from the Taskforce and all aspects of the Scheme have been finalised. As at end June 2018, 976 cases had been closed, however PST remain available should any of these homeowners, tenants or landlords seek further support.

During the reporting period PST confirmed the extension of the partnership with Capital Health Network (CHN) to provide psychological support and relationship counselling for affected homeowners. These services are now funded until 30 June 2019, with a commitment to service provision through to 30 December 2020 subject to further funding confirmation. To date over 200 homeowners have accessed these services, with more than 900 sessions being delivered by CHN.

Table 2: Relocation Assistance Grants and Stamp Duty Concessions

	As at 31 December 2017		As at 30 June 2018		Activity	
	Number	Value	Number	Value	Number	Value
Relocation Assistance Grants	1028	\$11.76m	1078	\$12.10m	50	\$0.34m
Stamp Duty Concessions ^{*1}	670	\$16.13m	669	\$16.32	8	\$0.m

^{*1}ACT Revenue have advised that previous data provided was in error as there were duplicate records. Activity shown reflects actual stamp duty concessions paid during the six month period.

During the reporting period, PST have undertaken a piece of work to identify and contact homeowners, tenants and landlords who had not yet claimed their assistance grants to encourage them to lodge the required application. In the latter half of 2018, a formal letter will be written to eligible homeowners or tenants advising of dates by which their application must be received.

Land Rent

The Government extended the Land Rent Scheme in February 2016 to allow former owners, who meet the Scheme criteria, to use this option to assist them to return to their former block and neighbourhood.

Table 3: Land Rent applications and leases

	As at 31 December 2017	As at 30 June 2018	Number
Land Rent Applications Lodged	4	5	1
Land Rent Applications Approved	3	5	2
Land Rent Leases Issued	2	2	0

One land rent application was lodged and two applications were approved in the first half of 2018, however no further leases were issued as at 30 June 2018.

4. Buyback Phase

Buyback activity remained minimal during the reporting period, with six properties (four affected and two impacted) settled during the period. Whilst there were only four buyback settlements scheduled in the last half of 2018 and though 2019, homeowners can adjust their settlement date by bringing it forward or pushing it out until June 2020, as their circumstances change.

During the first half of 2018, one affected homeowner withdrew from the Scheme whilst one Eligible Impacted owner chose to participate in the Scheme.

Table 4: Participation in the Scheme as at 30 June 2018

	Affected Properties	Eligible Impacted Properties	Total
Number of Properties	1023	15	1038
Participating in the Scheme	994	14	1008
Not Participating in the Scheme	29	1	30

Voluntary Buyback Program

Table 5: Voluntary Buyback Program Offers and Settlements

	As at 30 December 2017		As at 30 June 2018		Progress	
	Affected	Eligible Impacted	Affected	Eligible Impacted	Affected	Eligible Impacted
Offers Accepted	978	11	977	14	-1 ^{*1}	3
Settlements	939	9	943	11	4	2

^{*1} One affected homeowner withdrew from the Scheme during the reporting period.

As at 30 June 2018, owners of 33 affected properties remained in the Buyback Phase of the Scheme:

- 32 contracts exchanged but not settled:
 - 1 with planned settlement dates in 2018;
 - 2 with planned settlement dates in 2019;
 - 29 with planned settlement dates in 2020; and
- 1 having accepted an offer which has not yet exchanged.

At the end of June 2018, three Eligible Impacted properties remained in the Buyback Phase:

- 1 with a planned settlement date in 2018; and
- 2 having accepted the offer but not yet exchanged.

5. Demolition Phase

With the vast majority of demolitions completed by the end of 2017, work in the first half of 2018 focussed on completing any standard single dwelling properties that had been surrendered under the Scheme, and progressing demolition of complex properties.

Infrastructure Finance and Capital Works (IFCW) and WorkSafe ACT continue to play a vital role in the safe and efficient demolitions. Due to the reduction in demolition activities, no active certification audits were undertaken during the first half of 2018. However, over 1000 people have attended sites thus far in 2018 and have been appropriately inducted by contractors, WorkSafe and IFCW.

Deregistrations continue steadily with approximately 92% now removed from the *Affected Residential Premises Register*.

Table 6 details the demolitions and deregistrations from the first half of 2018. Slow but steady progress is expected for the remainder of 2018 as the Taskforce works on the properties identified as complex.

Table 6: Demolition and Deregistration Activity

	As at 31 December 2017		As at 30 June 2018		Progress	
	Affected	Eligible Impacted	Affected	Eligible Impacted	Affected	Eligible Impacted
Demolished	915	1	949	2	34	1
- Taskforce	893	1	927	2	34	1
- Assisted Private	12	*	12	*	0	*
- Self-Funded	10	*	10	*	0	*
Deregistered	877	*	945	*	68	*
- Taskforce	855		923		68	
- Assisted Private	12		12		0	
- Self-Funded	10		10		0	

* Not relevant for Eligible Impacted Properties

Complex Properties

Solid progress has been made in the first half of 2018 as the Taskforce worked through the various issues associated with the different types of complex properties. During the reporting period the four remaining Dual Occupancy Non Unit Titled properties and one 'string' of complex properties, consisting of two affected and one eligible impacted, were demolished.

Demolition preparation work was also progressed for Dual Occupancy Unit Titled and String properties. This included planning and assessment work, lodgement of Development Applications, discussions with owners of neighbouring properties and meeting requirements under the *Unit Titles (Management) Act 2011* (UTMA). Good

relationships have been built with the owners of other properties on unit titled blocks as the Taskforce keeps them informed of the planning underway and seeks their approval to proceed with the demolition works.

Table 7: Complex Properties Progress

	Properties			Demolished As at 31 Dec 2017		Demolished As at 30 June 2018		Progress	
	TOTAL	Affected	Eligible Impacted	Affected	Eligible Impacted	Affected	Eligible Impacted	Affected	Eligible Impacted
Duplex	7	6	1	4	1	4	1	0	0
Dual Occupancy Non Unit-Titled	8	8	0	4	0	8	0	4	0
Shared Garages	3	3	0	2	0	2	0	0	0
Dual Occupancy Unit-Titled	10	9	1	1	0	1	0	0	0
Strings	15	7	8	0	0	2	1	2	1
Unit Complexes	10	5	5	0	0	0	0	0	0
TOTAL	53	38	15	11	1	17	2	6	1

As at 30 June 2018, 19 of the 53 complex properties had been demolished, consisting of 17 affected and two eligible impacted properties. All duplex properties currently owned by the Territory have been demolished. The one duplex remaining, with two affected properties, has a settlement date of 2020. All dual occupancy non unit-titled properties have now been demolished.

Learnings from the work undertaken to date on the Dual Occupancy Unit Titled and String properties will be used by the Taskforce to inform the approach to the Unit Complexes. Discussions have commenced with the Owners Corporation of each of the three Unit Complexes as the Taskforce works to determine the best approach for managing the demolition of the affected and impacted properties.

6. Sales Phase

A significant focus of Taskforce activity is now on the Sales program as the final phase of the Scheme. The Sales program plays a critical role in minimising the overall net cost of the Scheme. As at 30 June 2018, 739 contracts for sale had been exchanged and 683 settlements completed.

During the reporting period, 58 offers were made to former owners holding a First Right of Refusal (FROR). Four FROR contracts for sale were exchanged and nine FROR settlements completed. Whilst the take up of the FROR offer remains low at just under 10%, it continues to be an important aspect of the Scheme providing an opportunity for former owners to repurchase their block and return to their community.

In the first half of 2018, three auctions were held with 165 blocks made available for sale to the public. Whilst only 52 blocks exchanged at the auction events, unsold blocks are made available for sale Over The Counter (OTC) and these sales have progressed well.

As at 30 June 2018, a total 793 blocks had been released for public sale with 87% of these have sold (exchanged), leaving 13% available Over The Counter (OTC). At the end of the reporting period 20 of the 104 blocks available OTC were under offer. The average price for properties remaining OTC is \$731,665. There has been a recent increase and refresh of advertising for the remaining blocks.

Planning is currently underway for a public auction event in early September 2018 where it is expected that 55 blocks will be made available for sale. Further sales activity will be rolled out through the remainder of 2018 as blocks become available.

Table 8: First Right of Refusal and Public Sales

	As at 31 December 2017	As at 30 June 2018	Progress
Sales – FROR *1			
- Offers Sent	565	623	58
- Offers Accepted	86	92	6
- Acceptances Withdrawn	22	34	12
- Offers Declined	229	254	25
- Offers Forfeited	220	266	46
- Sold (exchanged)	41	45	4
- Sold (settled)	36	45	9
Sales – Public Sale			
- Offered for Sale	629	793	165*2
- Sold (exchanged)	510	689	180*2
- Sold (settled)	426	633	207
Sales - Government			
- Contracts exchanged	5	5	0
- Contracts settled	5	5	0

Notes:

1. At any given time a number of FROR offers may still be under consideration by former homeowners. For this reason the offer status figures shown in Table 7 do not always total to the number of offers sent.
2. These numbers represent activity of the reporting period. As a contract that exchanged in the December quarter was reversed during the Jan – June 2018 reporting period, these numbers do not reflect the simple calculation of June 2018 total less December 2018 total.

7. Financial Impact

As at the end of the June 2018, the estimated net cash cost of the Scheme had fallen to \$295 million (excluding contingency). This estimate will continue to be revised through the budget review processes.

Table 9: Buyback Program Expenditure (based on settlement for affected and eligible impacted)

	As at 31 December 2017			As at 30 June 2018		
	No.	Total Cost	Average	No.	Total Cost	Average
Properties Settled	948	\$678,876,313	\$716,114	954	\$682,447,910	\$715,354

Table 10: Demolition Expenditure (based on demolitions contracted to-date, including contract variations)

	As at 31 December 2017			As at 30 June 2018		
	No.	Total Cost	Average	No.	Total Cost	Average
Properties Demolished or Under Contract for Demolition*1	925	\$84,413,010	\$91,257	936	\$85,148,568	\$90,971

Note:

- Demolition expenditure includes Asbestos Removal and Demolition costs only. These figures exclude the costs incurred by Government in disposing of affected properties, undertaking pre-demolition asbestos assessments and post demolition soil validations. The cost of individual demolitions is influenced by a number of variables including the property's location, construction type, size (including the size of footings), number of additional structures, block access, slope of the block, and amount and spread of asbestos present. Individual demolition costs can vary significantly from the average.

Table 11: Sales Program Revenue (based on exchanged contracts)

Sales	As at 31 December 2017		As at 30 June 2018		Activity	
	Number	Value	Number	Value	Number	Value
FROR	41	\$32,456,700	45	\$36,436,700	4	\$3,980,000
Public Sale	510	\$344,822,851	689	\$453,308,851	180*1	\$109,186,000*1
- Auction	299	\$225,738,750	345	\$253,365,250	46	\$27,626,500
- By Negotiation	23	\$12,789,500	30	\$18,883,500	7	\$ 6,094,000
- Over the Counter	188	\$106,294,601	314	\$181,060,101	127*1	\$75,465,500*1
Sale to Government	5	\$2,340,000	5	\$2,340,000	0	\$0

Notes:

- These numbers represent activity of the reporting period. As a contract that exchanged in the December quarter was reversed during the Jan – June 2018 reporting period, these numbers do not reflect the simple calculation of June 2018 total less December 2017 total.

8. Community Information and Engagement

Whilst the demolition activity has significantly reduced, the Taskforce remains committed to keeping neighbours informed of any planned works in their area. Letters continue to be delivered to neighbours when a contract is awarded for demolition and when a property is deregistered. Table 13 below shows the letter delivery activity conducted in the first half of 2018.

Table 13: Correspondence with Neighbours

	As at 31 December 2017	As at 30 June 2018	Activity
Contract Award Letters	7609	7743	134
Deregistration Letters	8083	8900	817

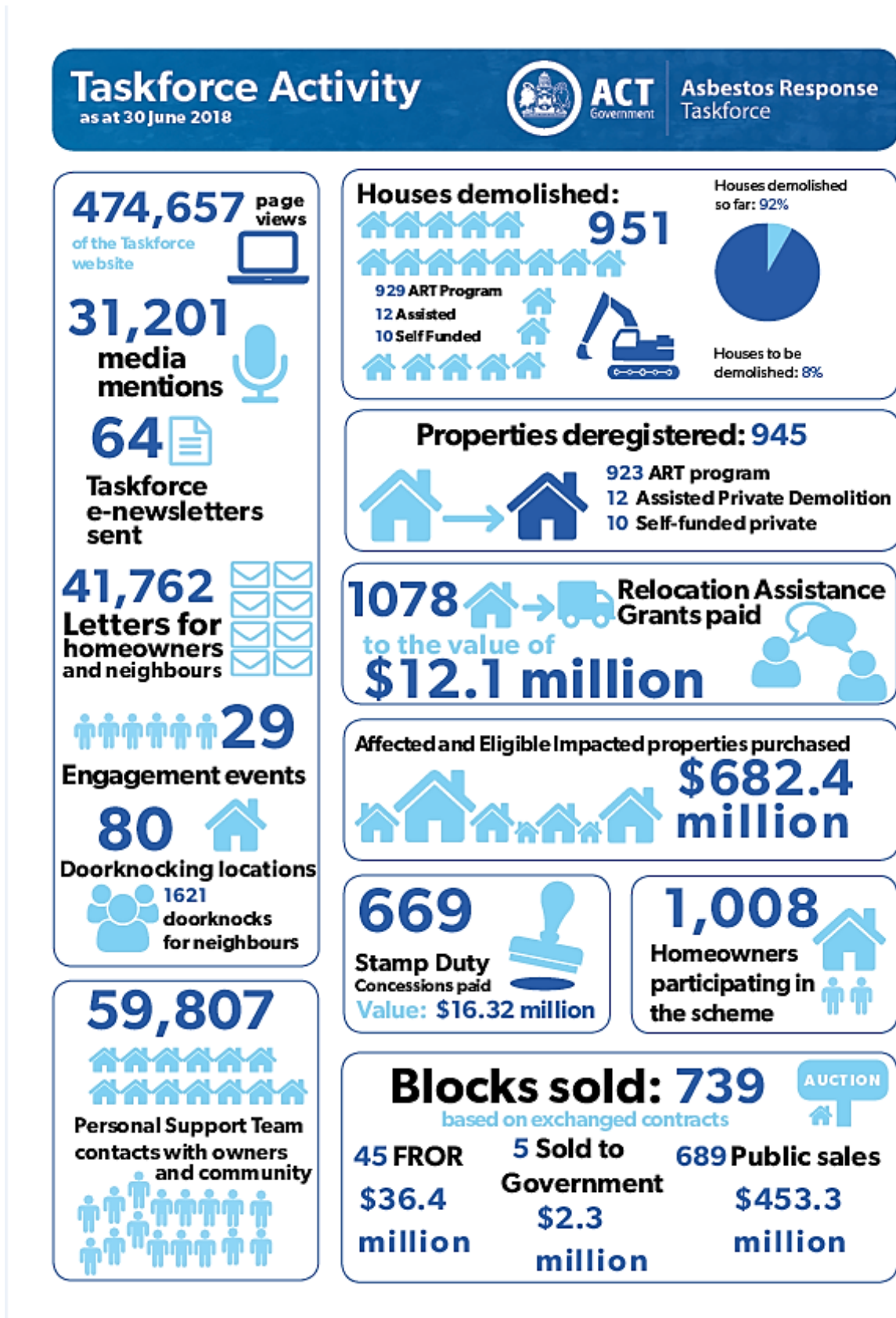
Notes:

- Figures reflect Demolition Communications Process commenced in March 2016
- Contract Award and Deregistration Letters represent the two communications sent directly by the Taskforce. The full Communications Process with neighbours also includes a letter issued by ACT Property Group upon acquisition of the affected or impacted property, and demolition timing letters issues by the head contractor.
- As other engagement activities for the Public Sales process now established, Upcoming Sales letters are no longer issued by the Taskforce.

At this stage of the Scheme, there is no longer a need for larger scale Enhanced Engagement events, however targeted engagement around complex properties will continue including doorknocking, regular meetings with the owners of properties closely associated with those being demolished (remaining property owners) and, where needed, small community events.

During the reporting period, the Taskforce engaged with 41 neighbours in relation to the planned demolition activity of nearby complex properties.

Figure 2: Taskforce Activity – a Cumulative Overview



9. Scheme Governance

The Eradication Scheme Steering Committee (ESSC) met three times between January and June 2018 and discussed both current activities of the Taskforce and the planned work for the coming years. ESSC will continue to meet bi-monthly providing high level oversight of the Taskforce activities with a particular focus on ensuring good governance remains in place through to the conclusion of the Scheme.

10. Conclusion

In the first half of 2018, the Taskforce has:

- safely demolished 34 affected and one impacted properties, including seven which had additional complexities;
- progressed planning works for the 'dual occupancy unit titled' and 'string' complex properties
- continued to roll out the sales of remediated blocks through FROR and public sales processes;
- continued to close cases for homeowners, tenants and landlords who no longer require assistance;
- continued to provide support to homeowners and the community; and
- undertaken an audit on and made contact with many of those who had not yet claimed their financial assistance.

The second half of 2018 will see:

- a continued focus on progressing solutions to the various challenges of complex properties;
- progress of the final Scheme phase through the FROR and Public Sales processes;
- continued support for homeowners and tenants who still remain in their homes, particularly in relation to their changing circumstances and flexibility around the settlement dates;
- further work with WorkSafe ACT as they review compliance with Asbestos Management Plans requirements;
- communication and engagement to neighbours of affected properties; and
- the commencement of a series of internal assurance initiatives aimed at maintaining the current high levels of performance and accountability.