

2017

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

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

1 JULY 2017 – 30 SEPTEMBER 2017

**Presented by
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Minister for Planning and Land Management**

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1. Overview

This is the 12th in a series of regular reports to the Legislative Assembly on implementation of the ACT Government's Loose Fill Asbestos Insulation Eradication Scheme (the Scheme) by the Asbestos Response Taskforce (the Taskforce). Quarterly reporting to the Legislative Assembly, instituted in 2014, provides the Assembly, Canberrans and other interested parties with a progress report on the eradication of loose fill asbestos from residential properties in the Australian Capital Territory.

This report describes the activities of the Taskforce in the three months to 30 September 2017, which saw:

- the safe demolition of 84 properties, bringing the total number of demolitions under the Taskforce program to 825 at the end of the reporting period;
- removal of 117 blocks from the *Affected Residential Premises Register*, bringing the total number of deregistrations to 803 at the end of the reporting period;
- 105 FROR offers made to former homeowners providing an opportunity to purchase their remediated block;
- significant activity in the public sales program, with 102 additional remediated blocks offered for sale and 46 sales completed;
- continuing engagement with former owners of affected houses through the First Right of Refusal (FROR) process, and neighbours in relation to demolition activity; and
- progress on the 'complex properties' that require additional analysis and work to address the complexities associated with shared walls, commitments under the *Unit Titles (Management) Act 2011*, and adjusted demolition requirements.

Recognising the Scheme continues to be implemented and the backward-looking nature of this reporting series, key performance statistics as at 25 October 2017 are provided below:

- the owners of 995 affected properties (including 12 assisted private demolitions and five Housing ACT properties) had agreed to participate in the Scheme;
- the owners of 10 Eligible Impacted Properties had agreed to participate in the Scheme;
- 936 affected properties and eight impacted dwellings had been acquired by the Government;
- 867 affected properties had been demolished (848 by the Taskforce, 12 through assisted private demolition and 7 privately);
- 827 blocks had been deregistered;
- 530 FROR offers had been made;
- 510 remediated blocks had been offered for public sale;
- contracts for sale had been exchanged on 483 remediated blocks (38 FROR, 5 direct to an ACT Government agency and 440 public sale); and
- sales have been settled on 426 blocks (34 FROR, 5 direct sale to an ACT Government agency and 387 public sales).

2. Implementing the Scheme – Governance Arrangements

Under the *Administrative Arrangements 2016 (No 4)*¹ dated 1 November 2016, the Taskforce, originally a division of the Chief Minister, Treasury and Economic Development Directorate (CMTEDD), was transferred to the Environment, Planning and Sustainable Development Directorate (EPSDD).

Ministerial responsibility for the Scheme was assigned to the Minister for Planning and Land Management, Mr Mick Gentleman MLA on 1 November 2016. Minister Gentleman (originally as Minister for Workplace Safety and Industrial Relations) has been the Minister responsible for the Scheme since January 2016.

The Taskforce now sits within the Urban Renewal stream of the 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 in the September 2017 Quarter against each of these phases is reported sequentially in the following sections, as is activity undertaken during the Quarter in relation to communications, finance, and governance.

¹ <http://www.legislation.act.gov.au/ni/2016-608/20161101-64980/pdf/2016-608.pdf>

3. Assistance Phase

The Taskforce's Personal Support Team (PST) are dedicated to facilitating access to appropriate support for each homeowner as they move through the phases of the Scheme. During the Quarter, their work included:

- assisting homeowners that were still in the Buyback phase, ensuring they had support and information;
- keeping homeowners informed about the demolition of their former property;
- where applicable, working with homeowners wishing to repurchase their block through FROR;
- engaging with homeowners who have chosen a deferred settlement date, confirming they are aware of the process, their options and the requirements of relevant legislation; and
- responding to neighbour and community enquiries.

PST have been contacting former homeowners who have moved through all phases of the Scheme and at the end of September 2017, 535 cases had been closed. Cases are closed in instances where homeowners have finalised all aspects of the Scheme and have discussed they do not require any further PST assistance. Those who have not engaged with PST after numerous attempts have also been closed, with an email/letter being sent containing links to ongoing support information and services.

The number of interactions captured in the Client Relationship Management (CRM) system shows a slight increase from the previous Quarter, as shown in Table 1 and Figure 1 below as the PST continue to contact homeowners regarding demolition and have case closure discussions around ongoing support.

Table 1: Client Relationship Management (CRM) System Interactions

	As at 30 June 2017	As at 30 September 2017	Interactions in Quarter
CRM Interactions	51,179	54,675	3,496

Figure 1: Client Relationship Management System Interactions

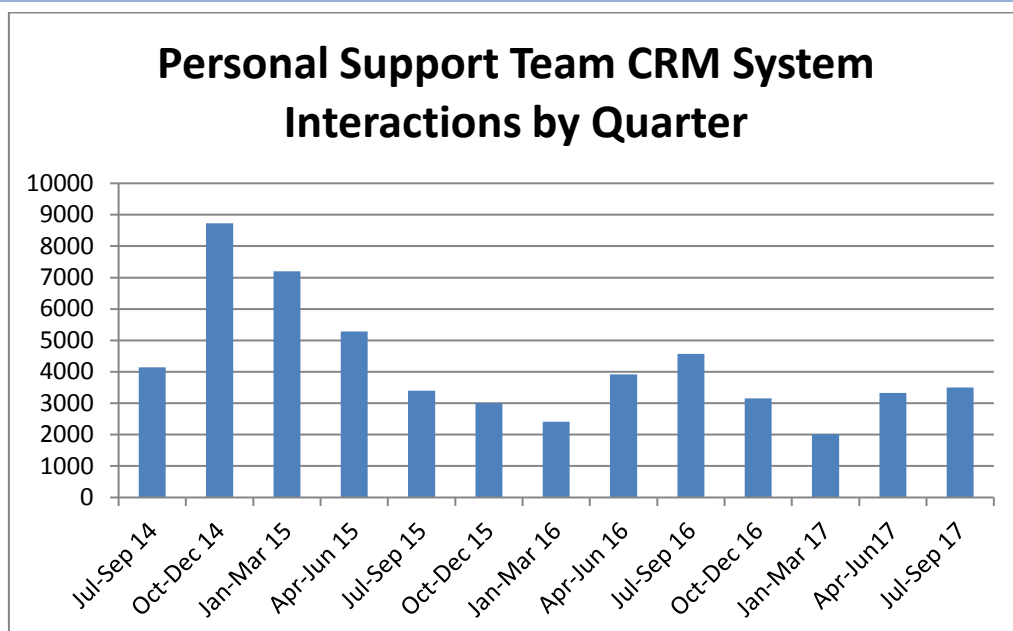


Table 2: Relocation Assistance Grants and Stamp Duty Concessions

	As at 30 June 2017		As at 30 September 2017		Paid in Quarter	
	Number	Value	Number	Value	Number	Value
Relocation Assistance Grants	990	\$11.44m	1008	\$11.61m	18	\$0.17m
Stamp Duty Concessions	652	\$15.98m	659	\$16.07m	7	\$0.09m

During the quarter, PST began to contact those homeowners who had not yet claimed their Relocation Assistance Grant. This process is being undertaken as case closures continue and support systems are implemented for when the Taskforce no longer exists. This activity saw an increase in the number of grants paid this quarter, which may continue over the next few quarters as contacts are made and this work completed.

The number of Stamp Duty Concessions paid continues to show a steady decline from 8 in the June 2017 Quarter to 7 in the September 2017 Quarter, as many homeowners have now purchased a new home and have claimed their Stamp Duty Concession.

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 30 June 2017	As at 30 September 2017	Number in Quarter
Land Rent Applications Lodged	4	4	0
Land Rent Applications Approved	4	4	0
Land Rent Leases Issued	1	1	0

No activity occurred in Land Rent Applications or Leases during the Quarter.

Homeowner Support

The Personal Support Team continue to work with homeowners and tenants and provide support as they progress through the Scheme. PST are providing information on support options in preparation for when the Taskforce no longer exists, to ensure all homeowners have access to local supports that can provide assistance.

In July 2017 the Head of the Taskforce and the Senior Manager of Personal Support visited New Zealand to meet with Government officials in relation to the response to the Christchurch earthquakes. Valuable insight and learning was gained in relation to best practices in transitioning support for those affected after the Taskforce PST concludes.

PST will be sending out meeting invitations in October to affected homeowners that are remaining in their homes and have opted for a surrender date of late 2018 through to 30 June 2020. The aim of the meeting is to ensure that homeowners who are remaining in their homes up until 2020 have adequate information as the Taskforce PST function will be winding down in mid-2018. Regardless of whether homeowners choose to meet, support information packs will be provided with details of organisations and services that are available for advice and assistance.

4. Buyback Phase

During the September 2017 Quarter, one Eligible Impacted homeowner withdrew from the Scheme. The Taskforce is exploring options for the appropriate management of the associated affected property.

In July 2017 the Taskforce wrote to owners not participating in the Scheme, offering them a renewed opportunity to participate in the Scheme on the same terms as was offered in 2014. This offer currently remains open.

Table 4: Participation in the Scheme as at 30 September 2017

	Affected Properties	Eligible Impacted Properties	Total
Number of Properties	1023	11	1034
Participating in the Scheme	995	10	1005
Not Participating in the Scheme	28	1	29

Voluntary Buyback Program

Table 5: Voluntary Buyback Program Offers and Settlements

	As at 30 June 2017		As at 30 September 2017		Progress in Quarter	
	Affected	Eligible Impacted	Affected	Eligible Impacted	Affected	Eligible Impacted
Offers Accepted	978	11	978	10	0	-1* ¹
Settlements	922	8	933	8	11	0

*¹ Eligible Impacted homeowner has withdrawn from the Scheme.

Steady progress of settlements continued with 11 properties acquired by the Territory in the quarter.

As at 30 September 2017, owners of 44 affected properties remained in the Buyback Phase of the Scheme:

- 43 contracts exchanged but not settled:
 - 5 with planned settlement dates in 2017;
 - 4 with planned settlement dates in 2018;
 - 1 with planned settlement dates in 2019;
 - 33 with planned settlement dates in 2020; and
- 1 having accepted an offer which has not yet exchanged.

At the end of the Quarter, eight of the 10 eligible impacted properties were owned by the Territory, leaving only two remaining in the Buyback Phase. 2 contracts have exchanged but have not yet settled. 1 has a planned settlement date in 2018 and the other in 2020.

5. Demolition Phase

At the end of the Quarter a total of 844 of the 1023 affected properties had been demolished, with 825 of those demolished through the ACT Government's program, 12 through Assisted Private Demolition and 7 privately. By the end of 2017 the vast majority of affected properties will have been demolished and the bulk of the ACT Government's demolition program complete. The Taskforce will not retain the current demolition capacity as industry resources move onto other projects.

In July 2017 the Taskforce released the 5th update to the Indicative Demolition Schedule. This schedule detailed the expected demolition timeframes for a further 168 properties, including the first of the Eligible Impacted Properties.

At the same time the updated schedule was released the Taskforce wrote to participating homeowners with deferred settlement dates advising of program progress, the wind down of the demolition program and the likelihood of longer lead times between property acquisition and demolition after the end of 2017. Homeowners were invited to bring forward their surrender date into 2017 should they wish to have their property demolished in early 2018.

Demolition Works Underway

During the Quarter, 84 properties were demolished and 117 were deregistered and removed from the *Affected Residential Premises Register* (the Register). The September 2017 Quarter saw the last of the major demolition packages awarded to contractors. Any properties surrendered or sold to the Taskforce during the remainder of 2017, they will be added to current demolition packages already issued to contractors.

Safety continues to be the focus for all demolition works with representatives from WorkSafe ACT and Infrastructure, Finance and Capital Works on site at all demolitions. Four active certification audits were undertaken during the Quarter to ensure that safety remains the priority and work is being completed in accordance with regulations, processes and procedures.

Table 6 reports the continued steady progress in demolitions and deregistrations for the Quarter. Whilst the Taskforce is aware of a number of additional private demolitions that have been completed, they are only reported as complete following deregistration. The Taskforce is currently working with the owners of three privately demolished properties that are yet to be deregistered.

Table 6: Demolition and Deregistration Activity

	As at 30 June 2017		As at 30 September 2017		Progress in Quarter	
	Affected	Eligible Impacted	Affected	Eligible Impacted	Affected	Eligible Impacted
Demolished	760	0	844	0	84	0
- Taskforce	741	0	825		84	0
- Assisted Private	12	*	12		0	*
- Self-Funded	7	*	7		0	*
Deregistered	686	*	803	*	117	*
- Taskforce	667		784		117	
- Assisted Private	12		12		0	
- Self-Funded	7		7		0	

* Not relevant for Eligible Impacted Properties

Complex Properties

The Taskforce is working to progress a number of properties identified as having additional complexity associated with the safe and efficient demolition of the affected structure and the sale of the remediated block. These properties fall into six categories with varying degrees of complexity and include unit-titled properties, properties that share a wall or other structure, and those that have other demolition challenges.

The complexity associated with some categories can be managed through additional engagement, administrative processes, Development Applications or an adjusted demolition methodology. Other categories of complexity present greater challenges and the Taskforce continues to work with asbestos assessors, structural engineers and demolition contractors to explore options that will deliver a safe and efficient demolition and address the concerns and needs of the community.

As shown in Table 7, as at 30 September 2017, there were 49 properties identified as 'complex' incorporating 38 affected properties and 11 eligible impacted properties. There were also four additional properties under investigation which, in early October 2017, were formally deemed as Eligible Impacted Properties.

At the end of the Quarter three complex properties had been demolished, with Development Applications complete on a further five. Additionally, Development Applications were underway for five more properties with expected approval dates in late October / early November.

The Taskforce will continue to engage with neighbours and owners of complex properties and keep them informed throughout the planning process.

Table 7: Complex Properties Overview

	Number of Properties As at 30 September 2017		Demolished As at 30 September 2017	
	Affected	Eligible Impacted	Affected	Eligible Impacted
Duplex	6	1	1	0
Dual Occupancy Non Unit-Titled	8	0	1	0
Shared Garages	3	0	0	0
Dual Occupancy Unit-Titled	9	0	1	0
Strings	7	5	0	0
Unit Complexes	5	5	0	0
TOTAL	38	11	3	0

6. Sales Phase

The Sales Phase is a significant component of the Scheme that will minimise overall Scheme costs and, importantly, create opportunities for new homes to be built in established communities that have been affected by 'Mr Fluffy'.

Offers continue to be made to homeowners for their remediated block through the FROR process, with 105 offers sent to former homeowners. The Quarter saw 13 FROR offers accepted and 4 sales completed, with the FROR acceptance rate slightly increased to 12%.

Two public auctions were held in the September 2017 Quarter, where strong interest continued to be shown from potential buyers resulting in good sales outcomes. A further two public auction events are planned prior to the end of the calendar year with 60 blocks being offered at the first of these on 2 November 2017.

Table 8: First Right of Refusal and Public Sales

	As at 30 June 2017	As at 30 September 2017	Progress in Quarter
Sales – FROR *1			
- Offers Sent	424	529	105
- Offers Accepted	63	76	13
- Acceptances Withdrawn	14	18	4
- Offers Declined	166	206	40
- Offers Forfeited	150	187	37
- Sold (exchanged)	31	37	6
- Sold (settled)	29	33	4
Sales – Public Sale			
- Offered for Sale	408	510	102
- Sold (exchanged)	325	431	106
- Sold (settled)	284	330	46
Sales - Government			
- Contracts exchanged	4	5	1
- Contracts settled	3	5	2

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.

7. Financial Impact

As at the end of the September Quarter, the estimated net cash cost of the Scheme remained at \$307 million (excluding contingency). The net cash cost will again be reassessed in budget review process.

Tables 9 and 10 below show the aggregate expenditure on acquisition of affected and eligible impacted properties and Table 11 shows the aggregate revenue from sales.

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

	As at 30 June 2017			As at 30 September 2017		
	No.	Total Cost	Average	No.	Total Cost	Average
Properties Settled	930	\$663,692,907	\$713,650	941	\$672,899,403	\$715,089

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

	As at 30 June 2017			As at 30 September 2017		
	No.	Total Cost	Average	No.	Total Cost	Average
Properties Demolished or Under Contract for Demolition*1	831	\$75,615,005	\$90,993	910	\$83,066,915	\$91,282

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 30 June 2017		As at 30 September 2017		Activity in Quarter	
	Number	Value	Number	Value	Number	Value
FROR	31	\$24,488,700	37	\$28,613,700	6	\$4,125,000
Public Sale	325	\$218,915,601	431	\$290,932,101	106	\$72,016,500
- Auction	203	\$147,891,000	258	\$192,565,500	55	\$44,674,500
- By Negotiation	16	\$8,880,000	16	\$8,880,000	0	\$0
- Over the Counter	106	\$62,144,601	157	\$89,486,601	51	\$27,342,000
Sale to Government	4	\$1,920,000	5	\$2,340,000	1	\$420,000

8. Community Information and Engagement

Communication and engagement activities continued during the Quarter as houses were awarded to contractors for demolition. Information is provided to neighbours via a range of forms including letters, on-site signage and face-to-face communication. Neighbours are notified when the property is awarded as well as when it is removed from the *Affected Residential Premises Register*.

Enhanced Engagement in the Quarter also focused on neighbours of 'complex properties'. Complex properties require a more targeted engagement specific to the individual complexities associated with that property. This activity will continue to increase in the coming months as planning works progress on the complex properties.

Table 12: Correspondence with Neighbours

	As at 30 June 2017	As at 30 September 2017	Activity in Quarter
Contract Award Letters	6700	7497	797
Deregistration Letters	6483 ^{*1}	7562	1079

*1: Error in reporting last quarter, report showed 6448.

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.

Table 13: Neighbour and Suburb Engagement

	As at 30 June 2017	As at 30 September 2017	Activity in Quarter
Door knocking			
- Demolition	1227	1287	60
- Property Management	139	146	7
- Complex Properties	72	147	75
Suburb / District Activity	5	7	2

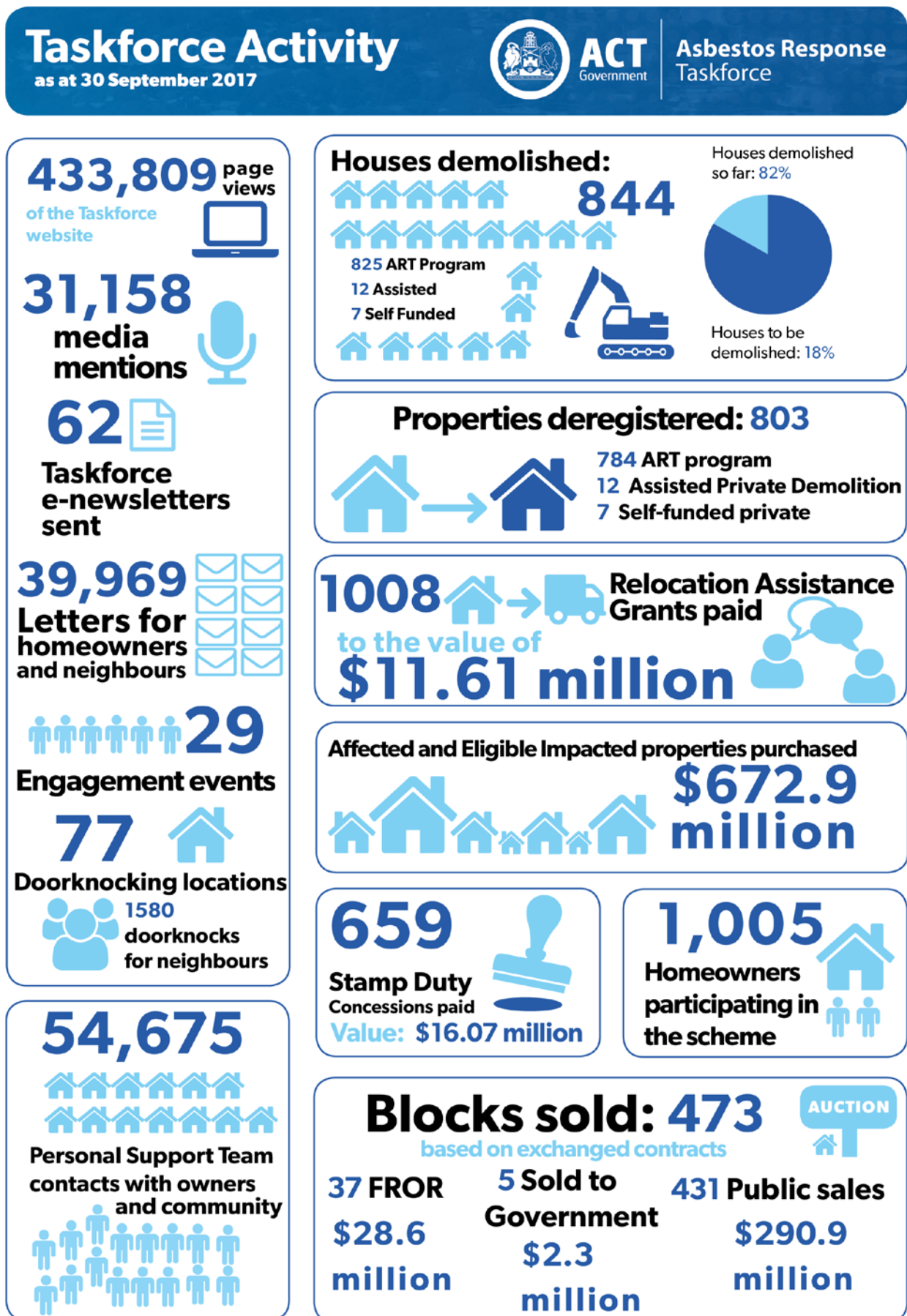
The Taskforce held a community information session at the Torrens Shops in September 2017. With a high number of affected properties in the area, invitations were dropped to the whole Suburb to allow neighbours to meet with the Taskforce and discuss any concerns they had.

The Taskforce also participated in a BBQ hosted by a demolition contractor in Kambah, where community members could meet and talk with staff about the upcoming demolition activity in the area. These engagement events received positive feedback from those in attendance.

As the majority of the demolition packages have been awarded and the demolition program is winding up, engagement events of this kind may no longer be necessary.

Engagement with the community about upcoming sales events continues to be undertaken by the sales agents, with high levels of interest in the public auction events.

Figure 2: Taskforce Activity – a Cumulative Overview



9. Scheme Governance

During the Quarter, Mr Chris Reynolds took over the role of Head of the Taskforce.

The ESSC met each month during the September Quarter to discuss the activities of the Taskforce and the progress of the Loose Fill Asbestos Insulation Eradication Scheme.

10. Conclusion

The September Quarter 2017 saw:

- continuing progress of the demolition and sales programs;
- release of the 5th update to the Indicative Demolition Schedule;
- non-participating homeowners invited to re-enter the Buyback Scheme;
- engagement and planning works for 'complex properties';
- the last of the major demolition contract packages awarded; and
- solid progress on the closing of personal support cases for homeowners who have indicated they no longer require Taskforce assistance.

In the December Quarter 2017, the Taskforce will:

- continue to focus on safe and efficient demolitions as the program winds down;
- focus on progressing solutions to the various challenges of complex properties;
- keep homeowners and the community informed of upcoming activity;
- continue to roll out the FROR and public sales processes;
- write to those still remaining in their homes offering further support and information; and
- continue to close homeowner cases who no longer require assistance.