2017

THE LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY

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

1 APRIL 2017 – 30 JUNE 2017

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

Contents

1. Overview

This is the eleventh 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 Canberra.

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

- the safe demolition of 107 properties, bringing the total number of demolitions under the Taskforce program to 741 at the end of the reporting period;
- removal of 115 blocks from the *Affected Residential Premises Register*, bringing the total number of deregistrations to 686 at the end of the reporting period;
- significant activity in the public sales program, with 115 remediated blocks offered for sale and 81 sold
- continuing engagement with former owners of affected houses through the First Right of Refusal (FROR) process, and neighbours in relation to demolition activity; and
- the release of the final report of the ACT Asbestos Health Study conducted by the National Centre for Epidemiology and Population Health at the Australian National University.

Recognising the Scheme continues to be implemented and the backward-looking nature of this reporting series, key performance statistics as at 7 August 2017 are provided below:

- the owners of 995 affected houses (including 12 assisted private demolitions and five Housing ACT properties) had agreed to participate in the Scheme;
- the owners of all 11 Eligible Impacted Properties had agreed to participate in the Scheme;
- 925 affected houses and eight impacted dwellings had been acquired by the Government;
- 794 affected properties had been demolished (775 by the Taskforce, 12 through assisted private demolition and 7 privately);
- 744 blocks had been deregistered;
- 471 FROR offers had been made;
- 408 remediated blocks had been offered for public sale;
- contracts for sale had been exchanged on 375 remediated blocks (33 FROR, 5 direct to an ACT Government agency and 337 public sale); and
- sales have been settled on 338 blocks (30 FROR, 4 direct sale to an ACT Government agency and 304 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.

A recent organisational restructure in EPSDD has seen the Taskforce aligned with the Urban Renewal stream of the Directorate. This in part reflects the changing nature of the Taskforce work, with particular regard to the sale of remediated blocks, that signals the start of the construction of new homes 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 June 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) continues the important work of providing support and guidance to homeowners as they progress through the Scheme. During the Quarter this work included:

- assisting the small number of homeowners still in the buyback phase with support needs and information;
- keeping homeowners informed about the demolition of their former property;
- working closely with those looking to repurchase their block through the FROR process; and
- responding to community enquiries over the phone and by email.

PST has continued to contact homeowners who have finalised all aspects of the Scheme to assess if they have any outstanding support needs. Linkages of support are provided if identified, otherwise a case closure is undertaken. At the end of June 2017, 270 cases have been closed.

The number of interactions captured in the Client Relationship Management (CRM) system increased in the Quarter, as shown in Table 1 and Figure 1 below. This increased activity relates to case closure contacts as well as discussion relating to demolition timing notifications with former homeowners and demolition scoping discussions with FROR homeowners.

Table 1: Client Relationship Management (CRM) System Interactions

	As at 31 March 2017	As at 30 June 2017	Interactions in Quarter
CRM Interactions	47,856*[1]	51,179	3,323

Note:

1. Administration error for end of March statistic which reported 47,826.

Figure 1: Client Relationship Management System Interactions

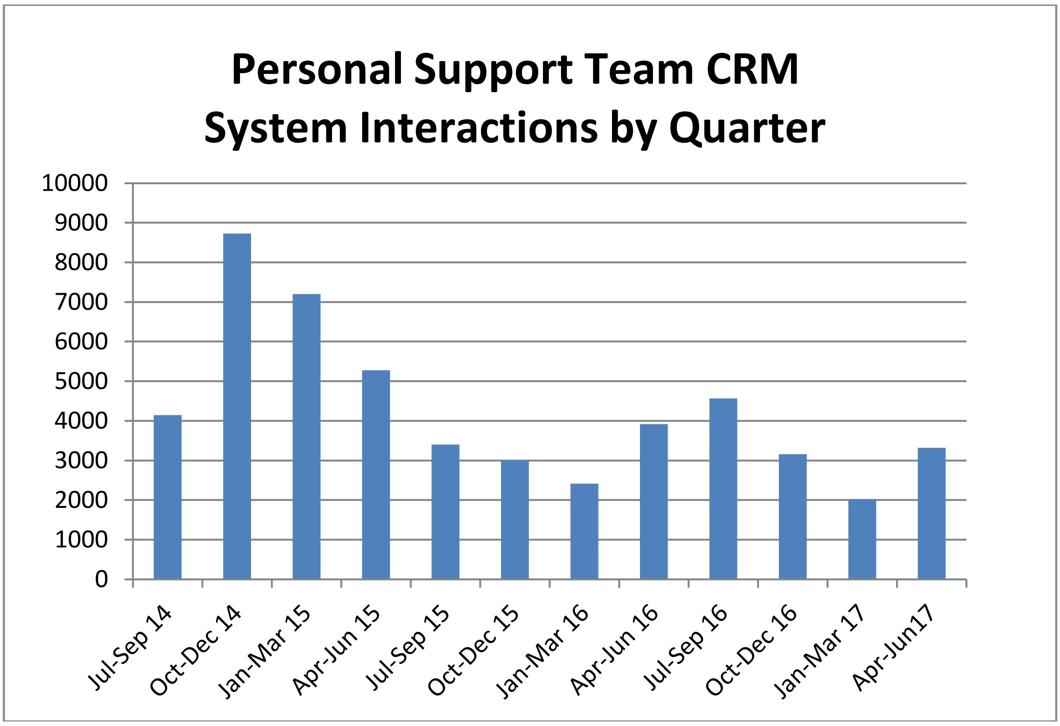


Table 2: Relocation Assistance Grants and Stamp Duty Concessions

	As at 31 March 2017		As at 30 June 2017		Paid in Quarter	
	Number	**Value**	**Number**	**Value**	**Number**	**Value**
Relocation Assistance Grants	980	$11.34m	990	$11.44m	10	$0.10m
Stamp Duty Concessions	644	$15.51m	652	$15.98m	8	$0.47m

A small number of Relocation Assistance Grants were paid to homeowners during the Quarter as they vacated an affected or impacted property. It is expected that this will continue to steadily decline reflecting the minimal activity remaining in the Buyback phase of the Scheme.

The number of Stamp Duty Concessions paid decreased from 16 in the March 2017 Quarter to 8 in the June 2017 Quarter. Stamp Duty Concessions will continue to be accessed over the coming year as homeowners finalise arrangements to return to their former block as part of the FROR process or purchase a new property.

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 March 2017	As at 30 June 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 Taskforce recognises that the personal impact for each homeowner as they progress through the Scheme will vary for each individual. PST continues to work with homeowners, connecting them to local support organisations where appropriate, to provide advice and assistance.

During the Quarter, PST made contact with homeowners and tenants who have not been in touch with the Taskforce for some time, are no longer in residence, and/or have completed all areas of the Buyback Program. This is being done to confirm whether they need further assistance. If not, PST will close the personal support case. However, if circumstances change, support will still be available from a range of community and government-based providers.

Work was also completed this Quarter to confirm the ongoing arrangements for homeowners to access psychological intervention services through Capital Health Network (CHN). Registered homeowners and tenants experiencing symptoms of depression and anxiety can get support through *nextstep*.

The *nextstep* Low Intensity Service (formerly NewAccess) is a confidential support service available to help people tackle day-to-day pressures. The program includes six free sessions with a coach either face-to-face or by phone. Homeowners experiencing moderate anxiety and depression can access the *nextstep* High Intensity Service that offers free sessions with a psychologist.

4. Buyback Phase

During the June 2017 Quarter one affected property homeowner withdrew from the Scheme bringing the total number not participating in the Scheme to 28. This number may continue to slowly increase as homeowners who were uncertain about participating, but chose to keep their options open, now finalise their decisions.

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

	Affected Properties	Eligible Impacted Properties	Total
Number of Properties	1023	11	1034
Participating in the Scheme	995	11	1006
Not Participating in the Scheme	28	0	28

Voluntary Buyback Program

Table 5: Voluntary Buyback Program Offers and Settlements

	As at 31 March 2017		As at 30 June 2017		Progress in Quarter	
	Affected	Eligible Impacted	Affected	Eligible Impacted	Affected	Eligible Impacted
Offers Accepted	979	11	978	11	-1*[1]	0
Settlements	917	8	922	8	5	0

*[1] Homeowner has withdrawn from the Scheme.

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

As at 30 June 2017, owners of 57 affected properties remained in the Buyback Phase of the Scheme:

- 56 contracts exchanged but not settled:
  - 8 with planned settlement dates in 2017;
  - 7 with planned settlement dates in 2018;
  - 2 with planned settlement dates in 2019;
  - 39 with planned settlement dates in 2020; and
- 1 having accepted offers but not yet exchanged.

At the end of the Quarter, eight of the 11 eligible impacted properties were owned by the Territory, leaving only three remaining in the Buyback Phase of the Scheme:

- 2 with contracts exchanged but not settled
  - 1 with planned settlement date in 2018;
  - 1 with a planned settlement date in 2020; and
- 1 having accepted the offer but not yet exchanged.

5. Demolition Phase

At the end of the Quarter, a total of 760 houses had been demolished representing significant progress toward the eradication of Mr Fluffy from the ACT community. This includes 741 properties demolished as part of the ACT Government's demolition program, 12 through Assisted Private Demolition and 7 privately demolished.

Demolition Works Underway

During the Quarter, good progress in the demolition program continued, with 107 affected properties safely demolished. The Taskforce continues to emphasise safety as the primary focus for all works. Five active certification audits were conducted during the Quarter to ensure attention is placed on working in accordance with identified regulations, processes and procedures. WorkSafe ACT inspectors continue to provide an active on-site presence.

Table 6 reports the continued steady progress in demolitions and deregistrations for the Quarter. Private self-funded demolitions are only reported as completed when the property is deregistered.

Table 6: Demolition and Deregistration Activity

	As at 31 March 2017		As at 30 June 2017		Progress in Quarter	
	Affected	**Eligible Impacted**	**Affected**	**Eligible Impacted**	**Affected**	**Eligible Impacted**
Demolished	**650**	**0**	**760**	**0**	**110**	**0**
- Taskforce	634	0	741	0	107	0
- Assisted Private	12	*	12	*	0	*
- Self Funded	4	*	7	*	3	*
Deregistered	571	*	686	*	**115**	*
- Taskforce	555		667		112	
- Assisted Private	12		12		0	
- Self Funded	4		7		3	

* Not relevant for Eligible Impacted Properties

6. Sales Phase

The Sale Phase not only ensures the Territory can minimise the overall cost of the Scheme, but means that new homes can be built to reinvigorate communities affected by the Mr Fluffy legacy.

Steady progress was made in offering remediated blocks to former homeowners through the FROR process with 83 new offers sent during the Quarter and the sale of 5 blocks completed. At the end of June 2017 the FROR acceptance rate was running at approximately 11%.

Good public sales results were achieved during the Quarter with strong interest shown by buyers at the four separate public auctions conducted. Reserve prices were disclosed for 55 blocks to assist prospective purchasers in sourcing finance in preparing for the auctions. 70% of blocks were sold, with 81 of the 115 on offer to the public purchased.

Two auctions are scheduled in August 2017, with 61 blocks on offer in Weston Creek, Tuggeranong and Woden Valley, and 42 blocks of offer in the Inner North, Inner South and Belconnen.

Table 7: First Right of Refusal and Public Sales

	As at 31 March 2017	**As at 30 June 2017**	**Progress in Quarter**
Sales – FROR *[1]			
- Offers Sent	341	424	83
- Offers Accepted	55	63	8
- Acceptances Withdrawn	12	14	2
- Offers Declined	138	166	28
- Offers Forfeited	131	150	19
- Sold (exchanged)	30	31	1
- Sold (settled)	24	29	5
Sales – Public Sale			
- Offered for Sale	293	408	115
- Sold (exchanged)	244	325	81
- Sold (settled)	125	284	159
Sales - Government			
- Contracts exchanged	-	4	4
- Contracts settled	-	3	3

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

The Government has updated the budget estimates associated with the Scheme to reflect the outcomes achieved to date. Overall, the revised budget indicates that the net cash cost has improved from the 2016-17 Budget estimate of $366 million (excluding contingency) to $307 million.

Tables 8 and 9 below show the aggregate expenditure on acquisition of affected and eligible impacted properties and Table 10 shows the aggregate revenue from sales.

Table 8: Buyback Program Expenditure (based on settlement for affected and eligible impacted)

	As at 31 March 2017			As at 30 June 2017		
	No.	**Total Cost**	**Average**	**No.**	**Total Cost**	**Average**
Properties Settled	925	$658,544,237	$711,940	930	$663,692,907	$713,650

Table 9: Demolition Expenditure (based on demolitions contracted to-date, including contract variations)

	As at 31 March 2017			As at 30 June 2017		
	No.	**Total Cost**	**Average**	**No.**	**Total Cost**	**Average**
Properties Demolished or Under Contract for Demolition*[1]	699	$65,062,966	$93,080	831	$75,615,005	$90,993

Note:

1. 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 10: Sales Program Revenue (based on exchanged contracts)

Sales	**As at 31 December 2016**		**As at 30 June 2017**		**Activity in Quarter**	
	Number	**Value**	**Number**	**Value**	**Number**	**Value**
FROR	30	$23,488,700	31	$24,488,700	1	$1,000,000
Public Sale	**244**	**$169,664,601**	**325**	**$218,915,601**	81	$49,251,000
- Auction	171	$129,911,000	203	$147,891,000	32	$17,980,000
- By Negotiation	16	$8,880,000	16	$8,880,000	0	$0
- Over the Counter	57	$30,873,601	106	$62,144,601	49	$31,271,000
Sale to Government	-	-	4	$1,920,000	4	$1,920,000

8. Community Information and Engagement

The main focus of communication and engagement activities during the Quarter continued to be the provision of information to neighbours and the community on demolition activity in their local area. Letters, on-site signage and face-to-face communication by contractors and the Taskforce engagement team all assisted in keeping people informed about demolition activity.

Table 11: Correspondence with Neighbours

	As at 31 March 2017	As at 30 June 2017	Activity in Quarter
Contract Award Letters	5560	6700	1140
Deregistration Letters	5118	6448	1330

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 12: Neighbour and Suburb Engagement

	As at 31 March 2017	As at 30 June 2017	Activity in Quarter
Door knocking			
- Demolition	1031	1227	196
- Property Management	139	139	0
- Complex Properties	53	72	19
Suburb / District Activity	5	5	0

Note:

- Figures do not include broader engagement events held for the community around the Scheme as a whole rather than specific demolition activity in a suburb area.

Engagement activity relating to complex properties continues to increase as the Taskforce works to resolve the unit titling and/or demolition complexities associated with each property. This activity will remain a key focus throughout 2017.

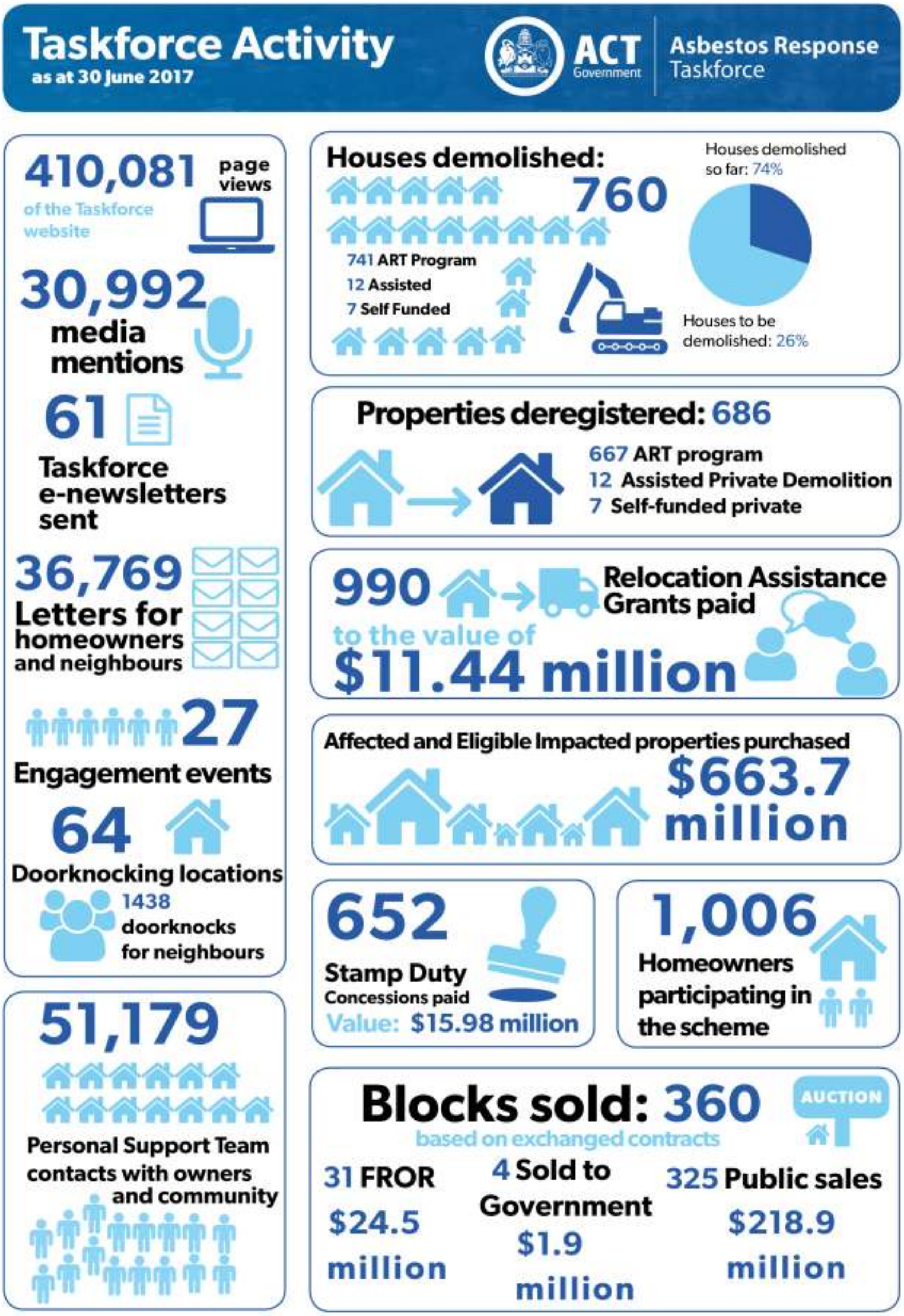
Community and media interest in the public sales program remained strong. The Suburban Residential website[2] and proactive community engagement by the appointed sales agents, have kept potential buyers informed about upcoming public sales events.

[2] http://www.lda.act.gov.au/suburban-residential/

The Taskforce provided an update on the Scheme's progress and upcoming public sales activity to the Inner South Community Council and the Belconnen Community Council on 9 May 2017 and 16 May 2017 respectively. The presentations were well received, with questions mainly related to issues around zoning and V343 applicability.

During the Quarter, the National Centre for Epidemiology and Population Health (NCEPH) at the ANU released the final report of the ACT Asbestos Health Study. The Study, commissioned by the ACT Government, found an increased risk of mesothelioma among men living in an affected residential property, although the risk remains very low. The findings of the report attracted considerable interest from local media. The Taskforce wrote to homeowners, residents and registered former homeowners providing a link to the report and frequently asked questions as published on the NCEPH website http://nceph.anu.edu.au/, and advising of a NCEPH public forum in relation to the Report findings.

Figure 2: Taskforce Activity – a Cumulative Overview



9. Scheme Governance

The ESSC met on three occasions during the June Quarter to consider the effectiveness of risk controls, achievements against key milestones, value for money, community and stakeholder satisfaction, and feedback on regular reporting processes. The ESSC provides a forum to discuss progress against the outputs and outcomes required for the successful implementation of the Loose Fill Asbestos Insulation Eradication Scheme.

10. Conclusion

The June Quarter 2017 saw:

- continuing progress with the demolition program;
- the release of the final report of the ACT Asbestos Health Study;
- further planning and engagement in relation to the demolition of complex properties;
- continuing support provided to homeowners as they work through the FROR process; and
- strong sales results for remediated blocks achieved through the public sales program.

In the September Quarter 2017, the Taskforce will:

- release of the 5th update to the Indicative Demolition Schedule;
- ensure neighbours of properties scheduled for demolition are kept fully informed of activities occurring in their street;
- continue to focus on the safe and efficient demolition of the affected properties;
- continue to roll out the FROR offers and public sales program; and
- close personal support cases for homeowners who have indicated they no longer require Taskforce assistance.