

2017

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

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

1 OCTOBER 2017 – 31 DECEMBER 2017

**Presented by
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1. Overview

This is the quarterly report 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 summary of the progress made to eradicate loose fill asbestos from residential properties in the Australian Capital Territory.

This report describes the activities of the Taskforce in the three months to 31 December 2017, which saw:

- the safe demolition of 71 affected properties and one impacted property, bringing the total number of demolitions under the Taskforce program to 894;
- the removal of 74 blocks from the *Affected Residential Premises Register*, bringing the total number of deregistrations to 877;
- 36 First Right of Refusal (FROR) offers made to former homeowners providing an opportunity to purchase their remediated block;
- 119 remediated blocks offered for sale and 96 sales completed through the public sales program;
- engagement with former owners of affected houses through the FROR process, and neighbours in relation to demolition activity; and
- further 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 any report is a snapshot in time, key performance statistics as at 19 January 2018 include:

- 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 13 Eligible Impacted Properties had agreed to participate in the Scheme;
- 939 affected properties and nine impacted dwellings had been acquired by the Government;
- 921 affected properties had been demolished (899 by the Taskforce, 12 through assisted private demolition and 10 privately);
- 887 blocks had been deregistered;
- 565 FROR offers had been made;
- 629 remediated blocks had been offered for public sale;
- contracts for sale had been exchanged on 567 remediated blocks (42 FROR, 5 direct to an ACT Government agency and 520 public sale); and
- sales have been settled on 483 blocks (41 FROR, 5 direct sale to an ACT Government agency and 437 public sales).

2. Implementing the Scheme – Governance Arrangements

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.

Under the *Administrative Arrangements 2016 (No 4)* dated 1 November 2016, the Taskforce was transferred to the Environment, Planning and Sustainable Development Directorate (EPSDD). The Taskforce sits within the Urban Renewal Branch of EPSDD, reflecting the well-advanced nature of the Scheme with a significant portion of the work now focused on the sale of remediated blocks through the FROR and public sales processes.

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

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

Progress in the December 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.

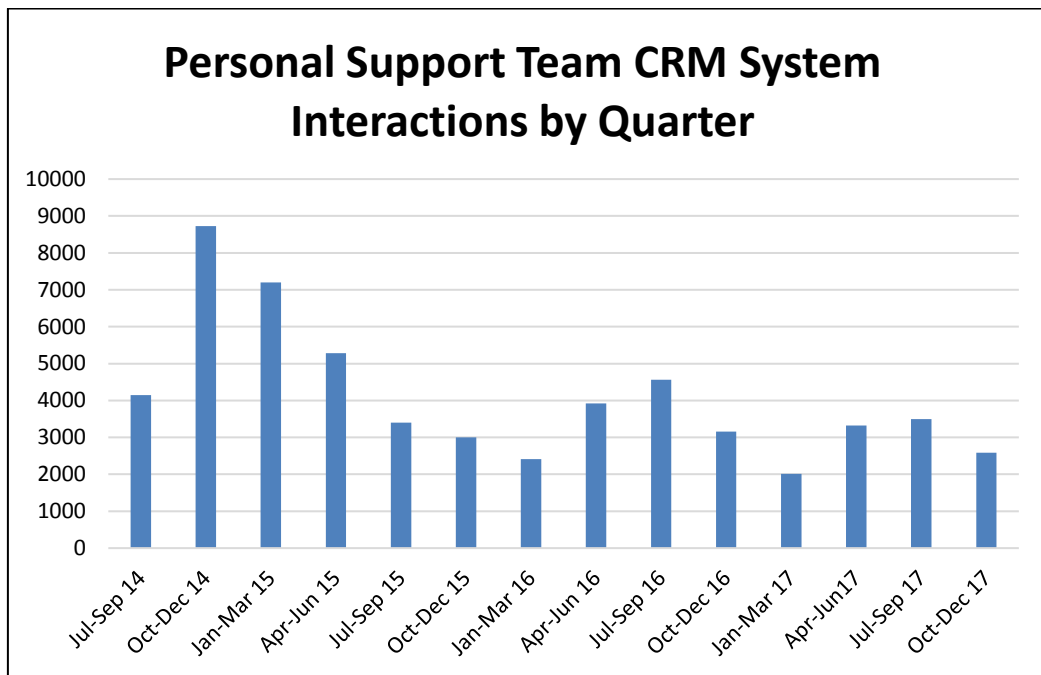
3. Assistance Phase

The Personal Support Team (PST) continue to provide support for homeowners and tenants and remain the first point of contact for enquires from the Canberra community relating to the Scheme. Table 1 and Figure 1 below show the PST interactions recorded in the Client Relationship Management System over the course of the Scheme. It is expected that the number of interactions will continue to decline as the work of the Taskforce winds down.

Table 1: Client Relationship Management (CRM) System Interactions

	As at 30 September 2017	As at 31 December 2017	Interactions in Quarter
CRM Interactions	54,675	57,260	2,585

Figure 1: Client Relationship Management System Interactions



Homeowner Support

A key part of the PST's support work during the Quarter was keeping homeowners informed about the timing of the demolition of their former property and providing information about the sales process for the remediated block, particularly in relation to FROR offers.

During the Quarter, PST also made contact with homeowners and tenants to determine if they require further support from the Taskforce. 224 clients indicated they no longer require assistance, and consequently their cases were closed, bringing the total cases closed to 759 as at 31 December 2017.

PST remains committed to working with those who have chosen a later settlement date, or who have indicated they require additional support, to ensure they have access to the services they need now and into the future. During the Quarter, PST wrote to the affected homeowners who have opted to settle in the outer years of the Scheme. These homeowners were invited to meet with PST to discuss their ongoing support needs. Support information referenced on the Taskforce website was also reviewed during the Quarter to ensure its accuracy, relevance and accessibility.

Financial assistance continues to be accessed as properties are surrendered / sold to the Territory and owners purchase new property in the ACT.

Table 2: Relocation Assistance Grants and Stamp Duty Concessions

	As at 30 September 2017		As at 31 December 2017		Paid in Quarter	
	Number	Value	Number	Value	Number	Value
Relocation Assistance Grants	1008	\$11.61m	1028	\$11.76m	20	\$0.15m
Stamp Duty Concessions	659	\$16.07m	670	\$16.13m	11	\$0.06m

During the Quarter, work was undertaken to contact those homeowners/tenants who have yet to claim their financial assistance grant. This work will continue in the first half of 2018.

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 September 2017	As at 31 December 2017	Number in Quarter
Land Rent Applications Lodged	4	4	0
Land Rent Applications Approved	4	3* ¹	-1* ¹
Land Rent Leases Issued	1	2	1

1: One land rent lease that was initially approved was issued as a Crown Lease and will not be issued or converted as a Land Rent Lease.

One land rent lease was issued in the Quarter, leaving one application approved that is yet to have the lease issued.

4. Buyback Phase

In October 2017, four new properties were deemed to be Eligible Impacted by the Minister for Planning and Land Management. The owners of these properties were invited to participate in the Eligible Impacted Property Buyback Program. At the end of the Quarter, one owner had accepted their offer; one was considering their offer; one was yet to have valuations completed; and one was still considering Scheme participation.

Table 4: Participation in the Scheme as at 31 December 2017

	Affected Properties	Eligible Impacted Properties	Total
Number of Properties	1023	15	1038
Participating in the Scheme* ¹	995	13	1008
Not Participating in the Scheme	28	1	29

1: One Eligible Impacted homeowner is still considering participation in the Scheme, so is not accounted for in the table above.

Voluntary Buyback Program

Table 5: Voluntary Buyback Program Offers and Settlements

	As at 30 September 2017		As at 31 December 2017		Progress in Quarter	
	Affected	Eligible Impacted	Affected	Eligible Impacted	Affected	Eligible Impacted
Offers Accepted	978	10	978	11	0	1
Settlements	933	8	939	9	6	1

Steady progress with settlements continued during the Quarter with seven properties acquired by the Territory.

As at 31 December 2017, the owners of 37 affected properties remained in the Buyback Phase of the Scheme:

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

At the end of the Quarter, four Eligible Impacted properties remained in the Buyback Phase:

- 1 with planned settlement date in 2020;
- 1 having accepted their offer but not yet exchanged;
- 1 considering their offer; and
- 1 yet to have valuations done.

5. Demolition Phase

The December 2017 Quarter saw good progress made with the demolition of 72 properties including the first of the eligible impacted properties. A total of 915 affected properties (893 through the Taskforce program, 12 through Assisted Private Demolition and 10 privately) and one impacted property have now been demolished.

WorkSafe ACT and Infrastructure, Finance and Capital Works continue to monitor safety on demolition sites, with representatives on site to ensure worker and community safety. Active certification audits continue to be regularly undertaken to ensure all works are being completed in accordance with relevant regulations. During the Quarter, three certification audits were completed.

The Quarter also saw the deregistration of 74 blocks. The Taskforce worked with three owners who had privately demolished their affected property but had not lodged the required paperwork for it to be removed from the *Affected Residential Premises Register*. These properties have now been deregistered, bringing the total number of properties privately demolished and deregistered to ten.

Table 6: Demolition and Deregistration Activity

	As at 30 September 2017		As at 31 December 2017		Progress in Quarter	
	Affected	Eligible Impacted	Affected	Eligible Impacted	Affected	Eligible Impacted
Demolished	844	0	915	1	71	1
- Taskforce	825	0	893	1	68	1
- Assisted Private	12	*	12	*	0	*
- Self-Funded	7	*	10	*	3	*
Deregistered	803	*	877	*	74	*
- Taskforce	784		855		71	
- Assisted Private	12		12		0	
- Self-Funded	7		10		3	

* Not relevant for Eligible Impacted Properties

The demolition program is now slowing, with only 60 properties owned by the Territory remaining to be demolished as at 31 December 2017. 31 of these properties have been awarded to a contractor for demolition in 2018. The remaining 29 are properties that have complexities that require additional analysis and work prior to demolition.

Complex Properties

As the bulk of standard demolitions have now been completed, the focus has shifted to the demolition of properties with additional complexities. The Taskforce identified 53 complex properties that fell into six different categories as listed in Table 7.

Table 7: Complex Properties

	Affected Properties	Eligible Impacted Properties	Total
Duplex	6	1	7
Dual Occupancy Non Unit-Titled	8	0	8
Shared Garages	3	0	3
Dual Occupancy Unit-Titled	9	1	10
Strings	7	8	15
Unit Complexes	5	5	10
TOTAL	38	15	53

As shown in Table 8, the December Quarter saw progress made with the demolition of properties in the duplex, dual occupancy non unit-titled and shared garage categories.

Table 8: Complex Properties Progress

	Demolished As at 30 September 2017		Demolished As at 31 December 2017		Progress in Quarter	
	Affected	Eligible Impacted	Affected	Eligible Impacted	Affected	Eligible Impacted
Duplex	1	0	4	1	3	1
Dual Occupancy Non Unit-Titled	1	0	4	0	3	0
Shared Garages	0	0	2	0	2	0
Dual Occupancy Unit-Titled	1	0	1	0	0	0
Strings	0	0	0	0	0	0
Unit Complexes	0	0	0	0	0	0
TOTAL	3	0	11	1	8	1

A total of 12 complex properties had been demolished as at 31 December 2017. Additionally, four properties with approved Development Applications, had been awarded to a contractor for demolition in early 2018. Of the 41 remaining, 18 cannot be progressed at this time as the property, or an associated property, has yet to be surrendered or sold to the Territory.

Work will continue during 2018 to address the complexities of the properties owned by the Territory. By its nature some of this work is expected to take an extended period as the individual circumstances of each property are understood and the appropriate analysis is undertaken to ensure a safe and efficient demolition. This work may include assessment reports from structural engineers, asbestos assessors and demolition contractors; Development Applications; and engagement processes in line with the requirements of the *Unit Titles (Management) Act 2011*.

6. Sales Phase

The Sales program continues to be rolled out, assisting to minimise the overall cost of the Scheme and initiating the rebuild of affected communities. A total of 556 blocks had been sold (exchanged) as at 31 December 2017. The FROR acceptance rate remained steady in the quarter at 12%, as an additional 10 offers were accepted and three sales completed.

In October 2017 Colliers International was contracted to manage the Taskforce's Suburban Residential Sales Program. Colliers held two public auctions in December 2017. Strong interest at auction continued to be shown, with 96 sales finalised. As at 31 December 2017, offers had been made on 29 of the 119 blocks available 'Over The Counter'. The next auction is scheduled for March 2018. Marketing for these blocks will commence in February 2018.

Table 9: First Right of Refusal and Public Sales

	As at 30 September 2017	As at 31 December 2017	Progress in Quarter
Sales – FROR *1			
- Offers Sent	529	565	36
- Offers Accepted	76	86	10
- Acceptances Withdrawn	18	22	4
- Offers Declined	206	229	23
- Offers Forfeited	187	220	33
- Sold (exchanged)	37	41	4
- Sold (settled)	33	36	3
Sales – Public Sale			
- Offered for Sale	510	629	119
- Sold (exchanged)	431	510	80*2
- Sold (settled)	330	426	96
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 9 do not always total to the number of offers sent.
2. These numbers represent the activity of the Quarter. As a contract that exchanged in the September Quarter was rescinded during the December 2017 Quarter, these numbers do not reflect the simple calculation of December total less September total.

7. Financial Impact

The estimated net cash cost of the Scheme remains at \$307 million (excluding contingency). The net cash cost will be reassessed during the budget review process.

Tables 10 and 11 below show the cumulative expenditure on acquisition of affected and eligible impacted properties and Table 12 shows the cumulative revenue from sales.

Table 10: Buyback Program Expenditure (based on settlement for affected and eligible impacted)

	As at 30 September 2017			As at 31 December 2017		
	No.	Total Cost	Average	No.	Total Cost	Average
Properties Settled	941	\$672,899,403	\$715,089	948	\$678,876,313	\$716,114

Table 11: Demolition Expenditure (based on demolitions contracted to-date, including contract variations)

	As at 30 September 2017			As at 31 December 2017		
	No.	Total Cost	Average	No.	Total Cost	Average
Properties Demolished or Under Contract for Demolition*¹	910	\$83,066,915	\$91,282	925	\$84,413,010	\$91,257

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 12: Sales Program Revenue (based on exchanged contracts)

Sales	As at 30 September 2017		As at 31 December 2017		Activity in Quarter	
	Number	Value	Number	Value	Number	Value
FROR	37	\$28,613,700	41	\$32,456,700	4	\$3,843,000
Public Sale	431	\$290,932,101	510	\$344,822,851	80*¹	\$54,422,750*¹
- Auction	258	\$192,565,500	299	\$225,738,750	42* ¹	\$33,705,250* ¹
- By Negotiation	16	\$8,880,000	23	\$12,789,500	7	\$3,909,500
- Over the Counter	157	\$89,486,601	188	\$106,294,601	31	\$16,808,000
Sale to Government	5	\$2,340,000	5	\$2,340,000	0	\$0

Note:

- These numbers represent the activity of the Quarter. As a contract that exchanged in the September Quarter was rescinded during the December 2017 Quarter, these numbers do not reflect the simple calculation of December total less September total.

8. Community Information and Engagement

The Taskforce has run an extensive engagement program to keep neighbours informed of demolition activity in their area. This program has included written correspondence, on-site signage, doorknocking in high rated cluster areas and community events.

Correspondence continues to be sent to neighbours of properties recently awarded to a contractor for demolition and following deregistration of the remediated block. The volume of this correspondence will continue to decrease as fewer contracts are awarded and the demolition program slows.

Table 13: Correspondence with Neighbours

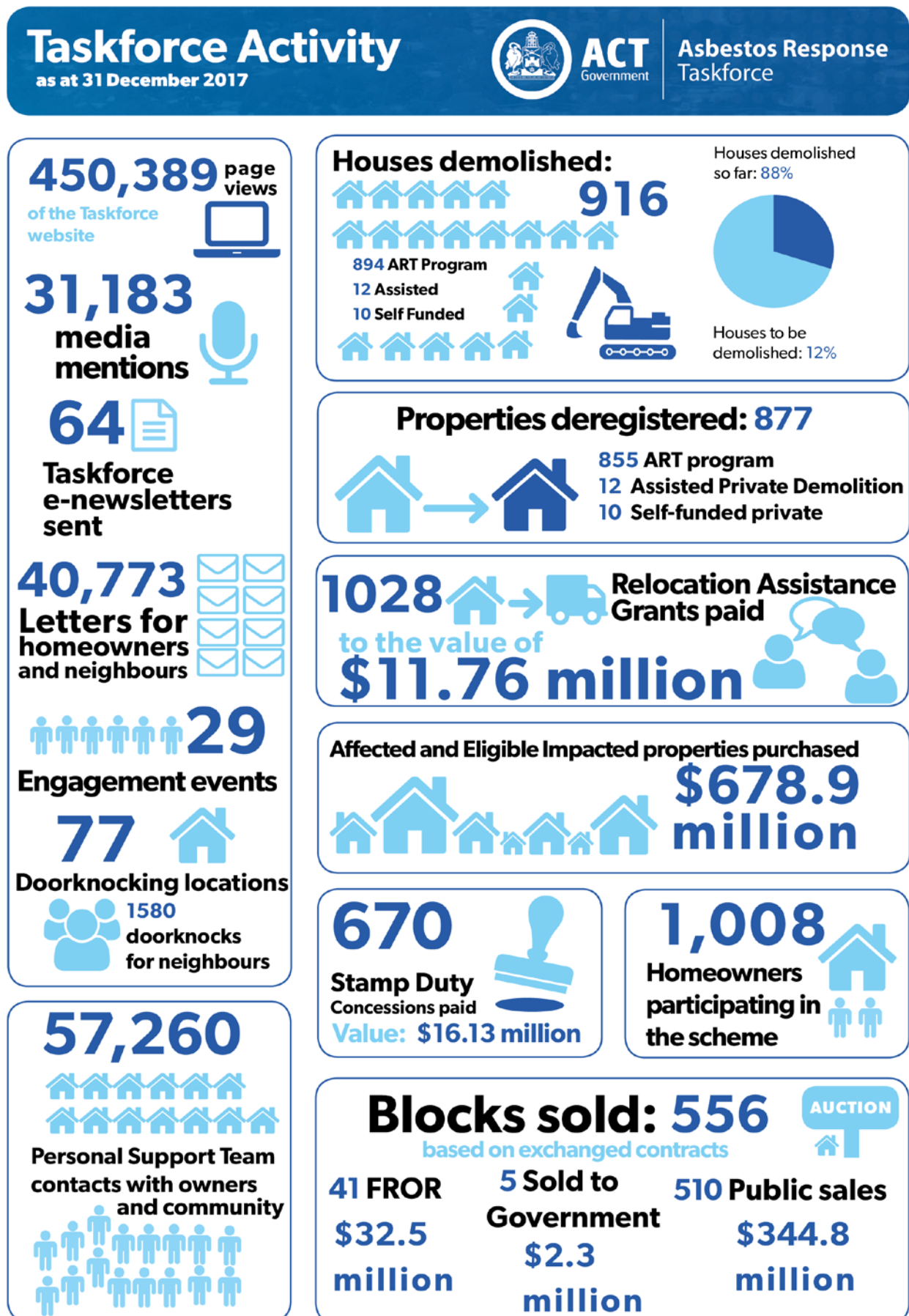
	As at 30 September 2017	As at 31 December 2017	Activity in Quarter
Contract Award Letters	7497	7609	112
Deregistration Letters	7562	8083	521

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.

The doorknocking component of the community engagement program has seen 1580 neighbours engaged across 77 locations. With the vast majority of demolitions now complete, doorknocking and information events have essentially concluded, apart from activity related to complex properties. No doorknocking activity was conducted during the December Quarter.

Figure 2: Taskforce Activity – a Cumulative Overview



9. Scheme Governance

During the Quarter the ESSC met in October and November to discuss progress and activities of the Taskforce. ESSC will continue to meet every two months in 2018 to discuss Scheme progress.

Arrangements are underway to assist staff transition into other areas of the Environment, Planning and Sustainable Development Directorate or return to their home agencies as the Taskforce winds down in the latter half of 2018. A core group of experienced Taskforce staff will remain to deliver key services, particularly to progress work on the complex properties and to assist those homeowners with settlement dates out to June 2020.

10. Conclusion

The December Quarter 2017 saw:

- continued focus on safe and efficient demolitions;
- progress made to address the challenges associated with the demolition of complex properties;
- the ongoing roll out of the FROR and public sales processes;
- the appointment of a new agent responsible for the public sales program;
- the offer of further support and information for those remaining in their homes; and
- a review of web content to ensure it remains accurate, relevant and accessible, now and into the future.

In the first half of 2018 the Taskforce will:

- continue offering remediated blocks for sale through the FROR and public sales programs
- maintain focus on the way forward for complex properties, including engagement with affected homeowners, tenants and neighbours;
- review online information to ensure it is up-to-date and accessible;
- contact homeowners and tenants who have yet to claim their financial assistance grants;
- continue case closure follow-ups and provide support as needed; and
- assist staff to transition into other roles in the ACT Government as Taskforce activity winds down.