



LEGISLATIVE ASSEMBLY
FOR THE AUSTRALIAN CAPITAL TERRITORY

SELECT COMMITTEE ON ESTIMATES 2022-2023

Mr James Milligan MLA (Chair), Mr Andrew Braddock MLA (Deputy Chair),
Dr Marisa Patterson MLA

Submission Cover Sheet

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

2022-23 Budget Estimates

OPENING STATEMENT

**Rebecca Vassarotti MLA
Minister for Sustainable Building and Construction**

I would like to acknowledge the traditional custodians of the land on which we are meeting, the Ngunnawal people, and pay my respects to their elders, past and present and acknowledge their long connection to this land and their continuing contribution to the life, culture and wellbeing of our city. I also pay my respects to other Aboriginal and Torres Strait Islander people who are with us today.

It is my pleasure to be able to inform the Committee of the work undertaken across the Sustainable Building and Construction Portfolio, a key portfolio for promoting health, safety, amenity and sustainability outcomes and maintaining quality of living standards for Canberrans.

Building Quality Initiatives

As the Minister for Sustainable Building and Construction, , I am incredibly proud of the work our Government has done, and continues to do, to improve the ACT's building regulatory system and support the construction industry to deliver high quality design and building, and integrity, accountability and compliance with building standards.

Through our Building Reform program, and in considering recommendations from the Shergold-Weir Building Confidence Report, and the Legislative Assembly Standing Committee Inquiry into Building Quality, we are progressing initiatives which are intended to give greater choice and protection for the community, and make those working in the building and construction industry accountable for their actions.

The ACT Government's Building Reform program is available in detail on the Build, Buy, Renovate website, which will continue to be updated on a regular basis to provide the community and industry with information on the status of reforms as well as planned initiatives and reforms. This transparency is important to me and we have heard positive feedback from Industry when communicating these updates.

I would also like to acknowledge the impacts the pandemic has had on the building and construction industry such as supply chain and workforce issues which have now been compounded by recent devastating natural disasters and global events.

I look forward to continuing the spirit of collaboration that has developed at a local level between the Government and Industry as we navigate these challenges, and indeed on a national level through our consultation on updates to the National Construction Code (NCC) and my involvement in the Building Ministers' Meeting, the next of which will take place in a week's time.

My fellow Building Ministers and I will look to make a final decision on matters relating to minimum accessibility provisions for residential housing and apartments in the NCC 2022 based on Liveable Housing Design Guidelines silver standards. These standards will require simple features, such as doors wide enough to accommodate wheelchairs and step free access, a bathroom on the ground floor and structural reinforcements to allow for the installation of supports like grip rails if they are needed, now or into the future.

Introducing minimum accessibility standards for new homes will increase the availability of homes able to be adapted and accessible to all members of the community regardless of age, ability, or other factors. The ACT Government has a long-standing commitment to universal design standards, of which I will continue to champion.

I have also been a strong advocate for new energy efficiency requirements for residential buildings proposed for NCC 2022 which, if agreed, will include an increase in the level of thermal comfort and a whole-of-house energy use budget. The changes also include measures that will reduce the cost of installing on-site renewables and electric vehicle charging at a later date.

The Directorate and I have also been having regular conversations with industry and other advocates on options for commencement and transition timeframes and I look forward to being able to provide clarity on these issues following the Building Ministers meeting later in August.

We have also been doing important work on the adoption of automatic mutual recognition in the Territory and considering how we can implement this for construction occupations. An exemption is currently in place for construction occupations, and we are exploring measures to address the identified risks during the term of the exemption, which runs to 2025, to support the future operation of Automatic Mutual Recognition for construction occupations in the ACT.

I would now like to share some quick updates on current priority initiatives and work currently underway:

- Public consultation on a registration scheme for professional engineers will occur soon. This delivers on findings of the Building Confidence Report, that design practitioners, such as engineers, should be accountable for the work they do, and any contribution that work makes to non-compliant and defective buildings.
- In responding to recommendations from the Legislative Assembly Inquiry into Building Quality, options are being assessed to supplement and strengthen existing building certification services. This includes continuing work on a government-run building certification service that would run alongside private certification services currently available. We are moving this work forward, with analysis of the regulatory and economic impacts of the different options underway, to support public consultation next year.
- The Parliamentary and Governing Agreement for the 10th Assembly also includes a policy commitment to set up an Australia-first licensing scheme for property developers, including the creation of a “fit and proper person” test and rigorously enforced penalty scheme. Just last week the Directorate met with Queensland officials who are reviewing similar issues, to share ideas and identify takeaways for the ACT context. Policy and regulatory analysis is continuing to consider options for improving the accountability of developers and providing consumers with greater information about developments and the developers behind them. This will include engagement with stakeholders in industry and the community. Through a range of forums, the ACT Government has already received valuable feedback and suggestions for matters to be addressed.

- We are documenting and finalising this work, in preparation for conversations with industry and the community in coming months.

Finally, I was happy to hear of a recent comment from an industry representative that there has been a noticeable shift in the certification industry and that work practices across the industry were continuing to improve. I am pleased that the broad program of reforms that we have implemented over recent years is delivering results.

Private Buildings Cladding Scheme

The Private Buildings Cladding Scheme is designed to encourage and assist in the replacement of higher-risk combustible cladding on privately-owned buildings where their multi-owner nature may otherwise present a practical impediment to the replacement of such cladding.

Applications for the testing and assessment phase of the Scheme opened on 21 July 2021 and closed on 21 July 2022. This Scheme offered owners corporations a 50% rebate on the costs (up to \$20,000 excl. GST) of the testing and assessment of the cladding on their buildings to determine what risk, if any, the cladding posed.

This month, I announced the Scheme's concessional loan which is available to eligible owners corporations to remove and replace potentially combustible cladding from their buildings. The Government has committed \$50 million to the Scheme.

Costs covered under the concessional loan will include the cladding remediation design and works, any 'make good' works necessary due to cladding remediation, and regulatory fees, such as building approvals.

The ACT Government is providing assistance for the entirety of the cladding identification and remediation process.

The key elements of the concessional loan include:

- a fixed interest rate at the rate of Government borrowing, which is currently 4.2%;
- a loan repayment period of 10 years, which starts after works are completed;
- no application or other loan fees;
- individual loans generally up to \$15 million per owners' corporation; and
- no penalties for repaying the loan early.

I wish to thank the owners corporations who have chosen to participate in the Private Buildings Cladding Scheme. Together we will continue to make the ACT community safer.

I am pleased to provide this update for the Committee on the considerable work and progress across the Sustainable Building and Construction Portfolio.

Loose Fill Asbestos Insulation Eradication Scheme

Following extensive discussions with industry experts, asbestos assessors, and homeowners in 2014, the ACT Government announced the Loose Fill Asbestos Insulation Eradication Scheme (Scheme). The Scheme is supported by a \$1 billion loan from the Australian Government and is designed to eradicate ongoing exposure risks through the removal and remediation of residential properties affected by Mr Fluffy loose fill asbestos insulation.

The Scheme was administered by the Asbestos Response Taskforce (Taskforce) from 28 October 2014 up until Taskforce closure on 30 June 2022. The Taskforce over its eight years of operation made significant progress to realise the ACT Government's goal of eradicating loose fill asbestos insulation from Canberra's homes.

As at closure of the Taskforce on 30 June 2022:

- 991 properties (975 affected and 16 impacted) had been purchased under the Scheme at a total cost of \$714.2 million;
- 1020 properties (1006 affected and 14 impacted) had been demolished – either through the Scheme or privately;
- 1006 remediated blocks had been removed from the Affected Residential Premises Register;
- 969 blocks had been sold (exchanged) for a total value of \$653.2 million; and
- 1125 Relocation Assistance Grants had been paid to the value of \$12.7 million.

Noting that a small number of residential properties affected by Mr Fluffy loose fill asbestos insulation continue to exist across the Canberra community, and it is possible that additional properties may be identified in the future, the Government in this budget is providing \$9.5 million to establish a Loose Fill Asbestos Insulation Coordination team (Coordination team) within EPSDD. Since 1 July 2022, the remaining functions of the Taskforce are being delivered by the Coordination team with a focus on:

- Administering the ongoing work of the Scheme and the voluntary Buyback Program;
- Providing ongoing support for remaining homeowners who are progressing through the Buyback Program or who are choosing to manage their property privately;
- Progressing the Demolition Program and resolving the challenges associated with complex properties within the Scheme;
- Supporting the renewal of affected neighbourhoods and contributing to a safer and more liveable city through delivery of an effective sales program which provides First Right of Refusal offers to former homeowners and the sale of remediated blocks to the public;
- Providing support, information and avenues for homeowners if other properties affected by Mr Fluffy loose fill asbestos insulation are identified in the future; and
- Finalising the delivery of key legacy projects.

This is an important investment to ensure that community remain supported and the transition of functions of the Scheme to occur over the next 18 months.

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