

2017

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

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

1 JANUARY 2017 – 31 MARCH 2017

**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>	<i>5</i>
<i>Figure 1: Client Relationship Management System Interactions</i>	<i>5</i>
<i>Table 2: Relocation Assistance Grants and Stamp Duty Concessions</i>	<i>6</i>
Land Rent	6
<i>Table 3: Land Rent applications and leases.....</i>	<i>6</i>
Homeowner Support.....	7
4. Buyback Phase	8
<i>Table 4: Participation in the Scheme as at 31 March 2017.....</i>	<i>8</i>
Voluntary Buyback Program	8
<i>Table 5: Voluntary Buyback Program Offers and Settlements.....</i>	<i>8</i>
5. Demolition Phase	10
Demolition Works Underway.....	10
<i>Table 6: Demolition and Deregistration Activity</i>	<i>10</i>
6. Sales Phase	11
<i>Table 7: First Right of Refusal and Public Sales</i>	<i>11</i>
7. Financial Impact	12
<i>Table 8: Buyback Program Expenditure (based on settlement for affected and eligible impacted)...</i>	<i>12</i>
<i>Table 9: Demolition Expenditure (based on demolitions contracted to-date, including contract variations).....</i>	<i>12</i>
<i>Table 10: Sales Program Revenue (based on exchanged contracts).....</i>	<i>12</i>
8. Community Information and Engagement.....	13
<i>Table 11: Correspondence with Neighbours.....</i>	<i>13</i>
<i>Table 12: Neighbour and Suburb Engagement</i>	<i>14</i>
<i>Figure 2: Taskforce Activity – a Cumulative Overview.....</i>	<i>15</i>
9. Scheme Governance	16
10. Conclusion.....	17

1. Overview

This is the tenth 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 31 March 2017, which saw:

- the finalisation of buyback offers under the Scheme;
- continuing engagement with former owners of affected houses through the First Right of Refusal (FROR) process;
- significant activity in the public sales program, with 124 remediated blocks sold;
- the safe demolition of 116 properties, bringing the total number of demolitions to 650 at the end of the reporting period;
- removal of 142 blocks from the Affected Residential Premises Register, bringing the total number of deregistrations to 571 at the end of the reporting period; and
- a series of targeted workshops conducted for former homeowners and community partners with recognised expert in community recovery, Dr Rob Gordon.

Recognising the Scheme continues to be implemented and the backward-looking nature of this reporting series, key performance statistics as at 2 May 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;
- 917 affected houses and eight impacted dwellings had been acquired by the Government;
- 687 affected properties had been demolished (671 by the Taskforce, 12 through assisted private demolition and 4 privately), and
- 616 blocks had been deregistered;
- 356 FROR offers had been made;
- 293 remediated blocks had been offered for public sale;
- contracts for sale had been exchanged on 286 remediated blocks (30 FROR and 256 public sale); and
- sales processes had been completed on 155 blocks (25 FROR and 130 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.

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

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

Progress in the March 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

Targeted assistance for affected and impacted homeowners remains the core business of the Taskforce's Personal Support Team (PST). This work involves the provision of support and guidance to homeowners as they move through the various phases of the Scheme. During the Quarter this work included:

- assisting the small number of homeowners still in the Buyback phase;
- keeping homeowners informed about the demolition of their former property;
- working closely with those looking to repurchase their block through the FROR process; and
- engaging with homeowners about any further support they feel may need as their involvement in the Scheme comes to an end.

The number of interactions captured in the Client Relationship Management (CRM) system continues to decline, as shown in Table 1 and Figure 1 below, as homeowners progress through the Scheme and ultimately finalise their involvement with the Taskforce.

Table 1: Client Relationship Management (CRM) System Interactions

	As at 31 December 2016	As at 31 March 2017	Interactions in Quarter
CRM Interactions	45,812	47,826	2,014

Figure 1: Client Relationship Management System Interactions

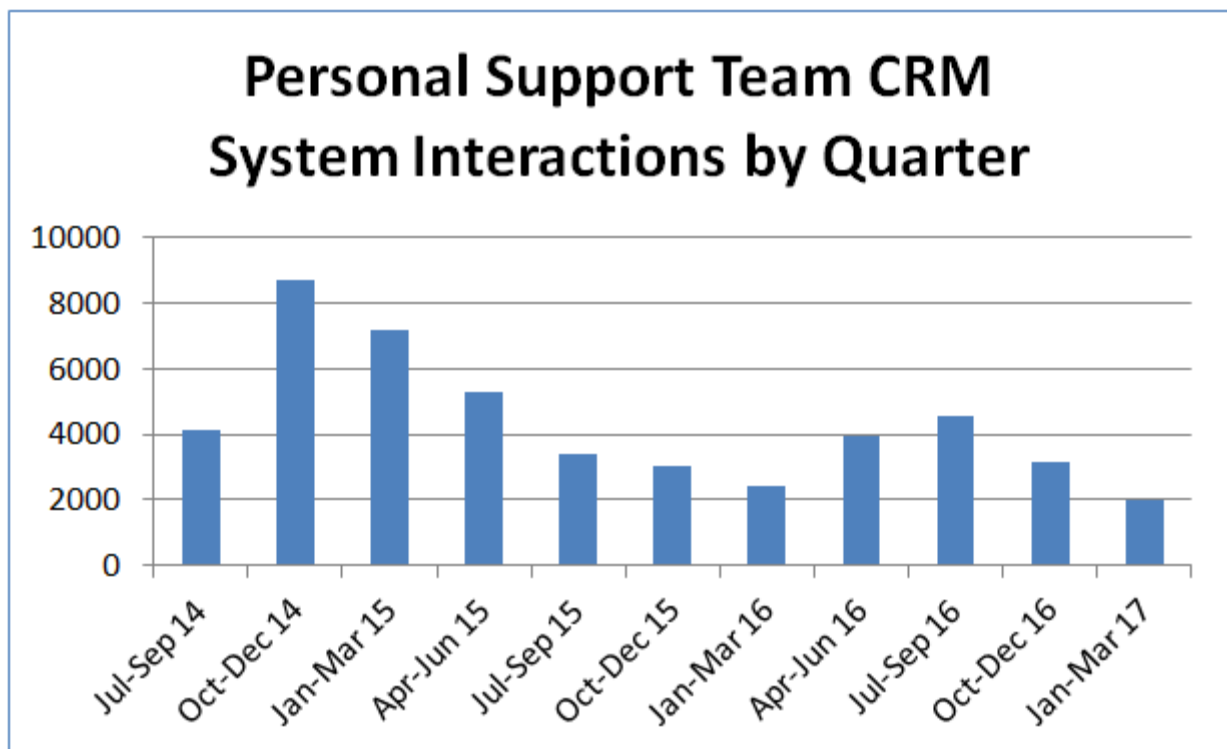


Table 2: Relocation Assistance Grants and Stamp Duty Concessions

	As at 31 December 2016		As at 31 March 2017		Paid in Quarter	
	Number	Number	Number	Value	Number	Value
Relocation Assistance Grants	969	\$11.25m	980	\$11.34m	11	\$0.09m
Stamp Duty Concessions ^{*1}	625	\$14.95m	644	\$15.51m	17	\$0.48m

Notes:

1. Previous reporting did not include stamp duty concessions applied to eligible impacted properties. This has been included in the March Quarter total figures. Paid in Quarter reflects only the activity of the Quarter.

The payment of Relocation Assistance Grants to homeowners as they vacate an affected or impacted property continues to steadily decline reflecting the minimal activity remaining in the Buyback phase of the Scheme.

Similarly, the number of Stamp Duty Concessions decreased from 22 paid in the December 2016 Quarter to 16 in the March 2017 Quarter. It is anticipated that Stamp Duty Concessions will continue to be accessed steadily over the coming year as homeowners decide to either return to their former block as part of the FROR process or purchase a new property elsewhere.

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. A small number of eligible homeowners have lodged applications and, during the Quarter, the first of these leases was issued.

Table 3: Land Rent applications and leases

	As at 31 December 2016	As at 31 March 2017	Number in Quarter
Land Rent Applications Lodged	3	4	1
Land Rent Applications Approved	3	4	1
Land Rent Leases Issued	0	1	1

Homeowner Support

The Taskforce recognises that the process for each homeowner, as they progress through the Scheme is unique and the timing and type of support will vary from individual to individual. In acknowledgement of this, the PST continues to develop and deliver support across a range of initiatives. This includes direct interaction, connection to community partners providing ongoing support, consideration for those with deferred settlements, and access to experts such as Dr Rob Gordon.

In late February 2017, the PST arranged a program of workshops facilitated by recognised expert in community recovery, Dr Rob Gordon. Five workshops were held over two days, with 48 homeowners and 13 community partners attending the sessions. Positive feedback was received, with participants appreciative of the insight and tools provided by Dr Gordon.

During the Quarter, the PST also commenced case closures for affected homeowners who had completed their involvement in the Scheme. This process involves review of individual circumstances. Cases remain open if the homeowner or PST identify additional support is required. As each case is closed, information on community and government based programs and services is provided to homeowners for easy access should their circumstances change. To further assist homeowners, the 'Support Services' tab on the Taskforce website was recently updated. This tab provides consolidated, up-to-date information on services available to homeowners in need of assistance.

4. Buyback Phase

During the March 2017 Quarter one affected property homeowner withdrew from the Scheme, choosing to sell the property privately for demolition, bringing the total number not participating in the Scheme to 27. It is anticipated that this number will increase as homeowners who were uncertain about participating, but chose to keep their options open, now finalise their decision making processes.

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

	Affected Properties	Eligible Impacted Properties	Total
Number of Properties	1023	11	1034
Participating in the Scheme	996	11	1007
Not Participating in the Scheme	27	0	27

Voluntary Buyback Program

During the March 2017 Quarter the final two offers to purchase affected properties were accepted, bringing the total of accepted offers to 990 for affected and eligible impacted properties combined.

Table 5: Voluntary Buyback Program Offers and Settlements

	As at 31 December 2016		As at 31 March 2017		Progress in Quarter	
	Affected	Eligible Impacted	Affected	Eligible Impacted	Affected	Eligible Impacted
Offers Accepted	977	11	979	11	2	0
Settlements	909	7	917	8	8	1

Steady progress of settlements continued with nine properties (eight affected and one impacted) being acquired by the Territory in the Quarter. It is expected that this slow progress will continue as any complexities associated with individual cases are worked through and as planned deferred settlement dates are reached.

As at 31 March 2017, owners of 64 affected properties remained in the Buyback Phase of the Scheme:

- 59 contracts exchanged but not settled:
 - o 7 with planned settlement dates in 2017;
 - o 4 with planned settlement dates in 2018;
 - o 2 with planned settlement dates in 2019;
 - o 46 with planned settlement dates in 2020; and
- 5 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
 - o 1 with planned settlement date in 2017;
 - o 1 with a planned settlement date in 2020; and
- 1 having accepted the offer but not yet exchanged.

5. Demolition Phase

As at the end of the Quarter, a total of 650 houses, or 63% of affected residential properties, had been permanently removed from the ACT community. This includes 634 properties demolished as part of the ACT Government's demolition program.

Demolition Works Underway

During the Quarter, 116 affected properties were safely demolished under the demolition program managed by six head contractors with involvement from licensed asbestos assessors and removalists.

The safety of workers, neighbours and the broader community remains a key focus of all demolitions. Seven active certification audits were conducted during the Quarter to ensure demolition and site remediation was undertaken in accordance with identified regulations, processes and procedures. WorkSafe ACT inspectors continue to provide an active on-site presence to monitor adherence to agreed standards and practices.

Table 6 reports the progress in demolitions and deregistrations for the Quarter. Steady progress in both of these activities is expected throughout 2017 as the Taskforce continues to roll out the Demolition phase of the Scheme. All 12 assisted private demolitions are complete. The Taskforce is aware of the completion of a number of self-funded demolitions, however these will not be reflected in Table 6 until all requirements for deregistration are met.

Table 6: Demolition and Deregistration Activity

	As at 31 December 2016		As at 31 March 2017		Progress in Quarter	
	Affected	Eligible Impacted	Affected	Eligible Impacted	Affected	Eligible Impacted
Demolished	534	0	650	0	116	0
- Taskforce	518	0	634	0	116	0
- Assisted Private	12	*	12	*	0	*
- Self Funded	4	*	4	*	0	*
Deregistered	429	*	571	*	142	*
- Taskforce	413		555		142	
- Assisted Private	12		12		0	
- Self Funded	4		4		0	

* not relevant for Eligible Impacted Properties

6. Sales Phase

The Sale Phase marks the conclusion for a particular block in relation to the involvement of the Taskforce, with the sales revenue contributing to minimisation of the overall cost of the Scheme. At the same time, the sale of remediated blocks marks the start of the renewal for affected streets, as new houses are built and communities reinvigorated.

Steady progress was made in offering remediated blocks to former homeowners through the FROR process with 22 new offers sent during the Quarter and the sale of 14 blocks completed. At the end of March 2017 the FROR acceptance rate was running at 13%.

The public sales program received significant focus and media attention during the Quarter as 140 remediated blocks were offered for sale during March 2017. Strong interest in purchasing remediated blocks was shown by families, 'downsizers', and builders looking for ready to build on land in established suburbs. All blocks were offered for sale at auction, with any not sold made available for purchase over the counter from the Land Development Agency.

Plans are in place to auction 113 blocks during May 2017.

Table 7: First Right of Refusal and Public Sales

	As at 31 December 2016	As at 31 March 2017	Progress in Quarter
Sales – FROR *¹			
- Offers Sent	319	341	22
- Offers Accepted	50	55	5
- Acceptances Withdrawn	6	12	6
- Offers Declined	135	138	3
- Offers Forfeited	130	131	1
- Sold (exchanged)	24	30	6
- Sold (settled)	10	24	14
Sales – Public Sale			
- Offered for Sale	153	293	140
- Sold (exchanged)	120	244	125 ⁺²
- Sold (settled)	85	125	40

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. This number represent the activity of the Quarter. As a contract that exchanged in the December 2016 Quarter was rescinded during the March 2017 Quarter, these numbers do not reflect the simple calculation of March total less December total.

7. Financial Impact

A forecast net cost of the Scheme of \$366 million (excluding the interest costs of the loan from the Commonwealth) was published in the 2016-17 Budget papers. This forecast will be updated as part of the 2017-18 Budget process, taking into account progress to date and anticipated Scheme take-up rates.

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 December 2016			As at 31 March 2017		
	No.	Total Cost	Average	No.	Total Cost	Average
Properties Settled	916	\$651,036,633	\$710,739	925	\$658,544,237	\$711,940

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

	As at 31 December 2016			As at 31 March 2017		
	No.	Total Cost	Average	No.	Total Cost	Average
Properties Demolished or Under Contract for Demolition*¹	655	\$61,148,953	\$93,357	699	\$65,062,966	\$93,080

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 10: Sales Program Revenue (based on exchanged contracts)

Sales	As at 31 December 2016		As at 31 March 2017		Activity in Quarter	
	Number	Value	Number	Value	Number	Value
FROR	24	\$17,047,000	30	\$23,488,700	6	\$6,441,700
Public Sale	120	\$76,861,100	244	\$169,664,601	125*¹	\$93,763,500
- Auction	75	\$53,554,000	171	\$129,911,000	97* ¹	\$77,317,000
- By Negotiation	14	\$7,665,000	16	\$8,880,000	2	\$1,215,000
- Over the Counter	31	\$15,642,100	57	\$30,873,601	26	\$15,231,501

Note:

- These numbers represent the activity of the Quarter. As a contract that exchanged in the December 2016 Quarter was rescinded during the March 2017 Quarter, these numbers do not reflect the simple calculation of March total less December total.

8. Community Information and Engagement

The Taskforce continues to review and refine the well established communication and engagement activities that support the Scheme's implementation. Members of the community have shown a keen interest in demolition activity in their local area. This information need is well serviced by written correspondence, signage and face-to-face communication.

During the March 2017 Quarter, the community showed increased interest in the public sales program. The development of the Suburban Residential website² and proactive community engagement by the appointed sales agents, is keeping the community informed about the significant activity in this area.

Additionally, the Taskforce initiated a new round of engagement with Community Council members to update date them on the Scheme's progress and upcoming public sales activity in their area. This commenced with attendance at the Woden Valley Community Council on 1 March 2017 and will continue through the second quarter of the year.

As the Scheme progresses, the Taskforce continues to review and adapt its communications to meet the changing needs of homeowners, key stakeholders and the community. A review of demolition information was recently conducted, resulting in the production of a new demolition booklet and updated information sheets that clearly explain the distinct stages involved in the process. The easy-to-read booklet is distributed to neighbours as demolition contracts are awarded.

Table 11: Correspondence with Neighbours

	As at 31 December 2016	As at 31 March 2017	Activity in Quarter
Contract Award Letters	4911	5560	649
Deregistration Letters	3759	5118	1359

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.

² <http://www.lda.act.gov.au/suburban-residential/>

Table 12: Neighbour and Suburb Engagement

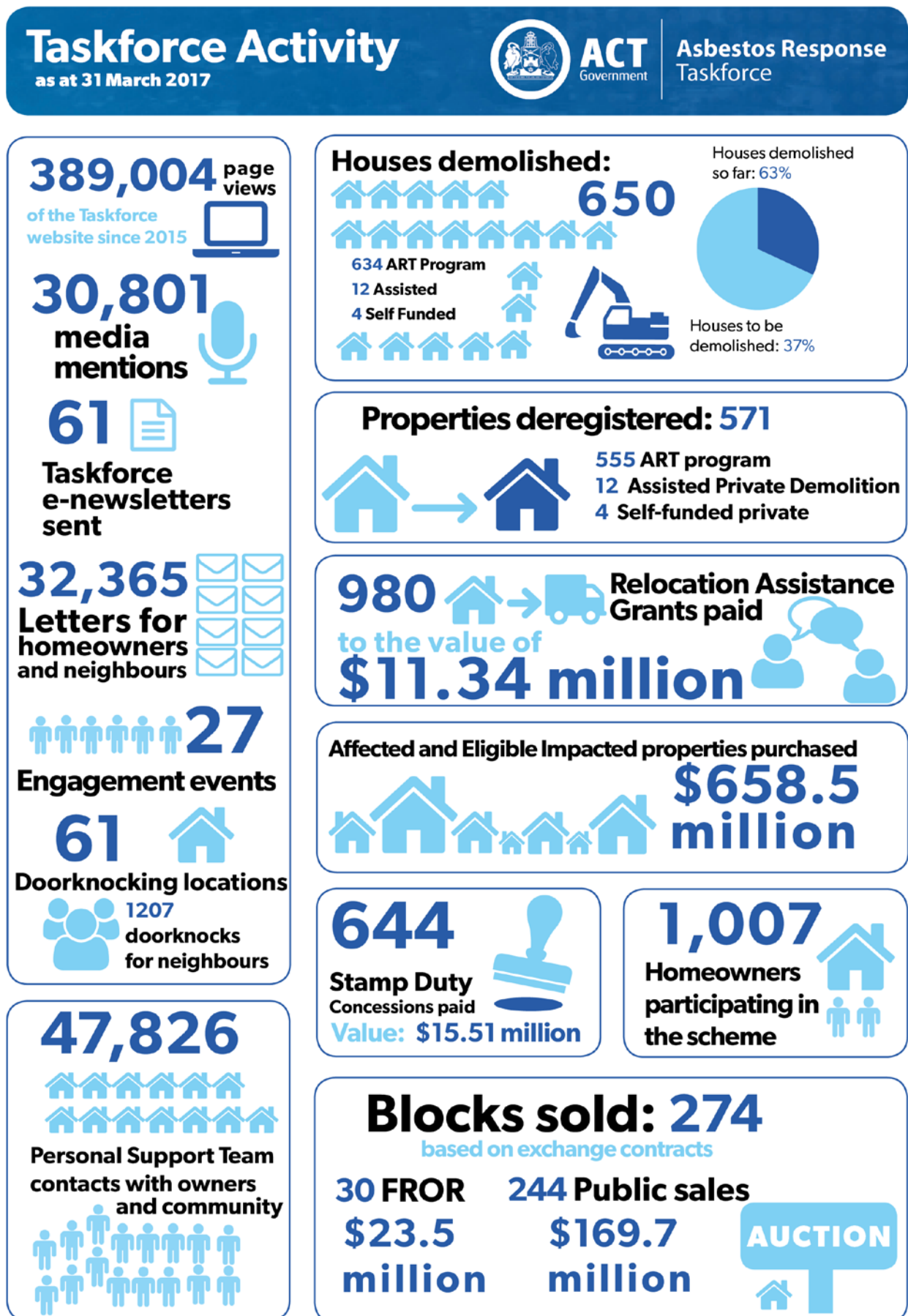
	As at 31 December 2016	As at 31 March 2017	Activity in Quarter
Door knocking			
- Demolition	982	1031	49
- Property Management	139	139	0
- Complex Properties	16	53	37
Suburb / District Activity	4	5	1

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.

During the March 2017 Quarter, engagement activity increased for properties classified as complex. These include unit titled properties, those that share a wall, or have other engagement or demolition complexity. This activity will be a key focus through 2017 as the Taskforce works closely with the community to progress these properties through demolition and deregistration.

Figure 2: Taskforce Activity – a Cumulative Overview



9. Scheme Governance

The only change in the Scheme Governance Arrangements in the reporting period was the return of Mr Andrew Kefford to the Taskforce Head position. Ms Karen Doran had been acting Taskforce Head during Mr Kefford's secondment to undertake other duties in the ACT Public Service.

10. Conclusion

The March Quarter 2017 saw continuing steady progress in the safe and efficient implementation of the Scheme. Sales activities increased, in part reflecting the faster than anticipated completion of demolitions, as well as the pause in real estate market activity over the summer holiday period.

In the June Quarter 2017, the Taskforce will continue to focus on:

- providing support to affected owners as they progress through the Scheme;
- information and advice to neighbours of properties to be demolished;
- the safe and efficient demolition of affected properties; and
- the sale of remediated blocks in the June Quarter.