

2020

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

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

1 July 2019 – 31 December 2019

**Presented by
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1. Overview

The ACT Government committed to providing regular reports on the activities of the Asbestos Response Taskforce in delivering the Loose Fill Asbestos Insulation Eradication (Scheme). This is the Seventeenth in the series of reports tabled in the Legislative Assembly. The report assists the Assembly, members of the community and other interested parties in understanding and monitoring the work of the Taskforce (Taskforce) to eradicate loose fill asbestos from Canberra's residential housing stock.

Key achievements of the Taskforce during the July – December 2019 reporting period include:

- the safe demolition of four properties (2 affected and 2 impacted), bringing the total number of demolitions under the Taskforce program to 958¹ (950 affected and 8 impacted);
- the removal of 11 blocks from the Affected Residential Premises Register (Register), bringing the total number of deregistrations to 977;
- 12 (9 affected and 3 impacted) First Right of Refusal (FROR) offers were made to former homeowners providing an opportunity to purchase their block following demolition and remediation;
- continuation of the public Sales Program, with 36 contracts exchanged on remediated blocks and 20 sales settled within the reporting period;
- the inclusion of an additional two newly identified affected properties, bringing the total number of properties to 1,042 (1,025 affected and 17 eligible impacted);
- steady progress on the 55 'complex properties' with one affected and two impacted properties demolished, bringing the total number of complex properties demolished to 37 (29 affected and 8 impacted);
- implementation of activities relating to the remaining privately-owned affected properties, including
 - supporting pathways to eradication; and
 - supporting community safety.

Recognising the point in time nature of this report, key statistics **as at 31 December 2019**, are provided below:

- 978 affected properties demolished (949 by the Taskforce, 12 assisted private, 16 private demolitions and 1 surrendered to the Territory following demolition);
- 977 blocks had been deregistered;
- 643 First Right of Refusal (FROR) offers had been made;
- 881 remediated blocks had been offered for public sale;
- contracts for sale exchanged on 888 remediated blocks (47 FROR, 5 direct to an ACT Government Agency and 836 public sale); and
- sales settled on 856 blocks (46 FROR, 5 direct sale to an ACT Government Agency and 805 public sales).

¹ This figure includes: one affected property surrendered to the Territory following demolition and before deregistration

2. Implementing the Scheme – Governance Arrangements

There has been a number of changes to Administrative Arrangements since the announcement on 28 October 2014 of the Loose Fill Asbestos Insulation Eradication Scheme (Scheme). Ms Suzanne Orr MLA has ministerial responsibility for the Scheme as part of the Employment and Workplace Safety portfolio.

The Taskforce remains part of the Urban Renewal stream of the Environment, Planning and Sustainable Development Directorate (EPSDD) where it continues its work to realise the Government's objective of eradicating loose fill asbestos insulation from Canberra's streets and suburbs.

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

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

Progress during the second half of 2019 is reported against each of these phases as well as activity undertaken in relation to communications, finance, and governance.

Assistance Phase

The Assistance Phase work, undertaken primarily by the Taskforce's Personal Support Team (PST), continues with particular focus on:

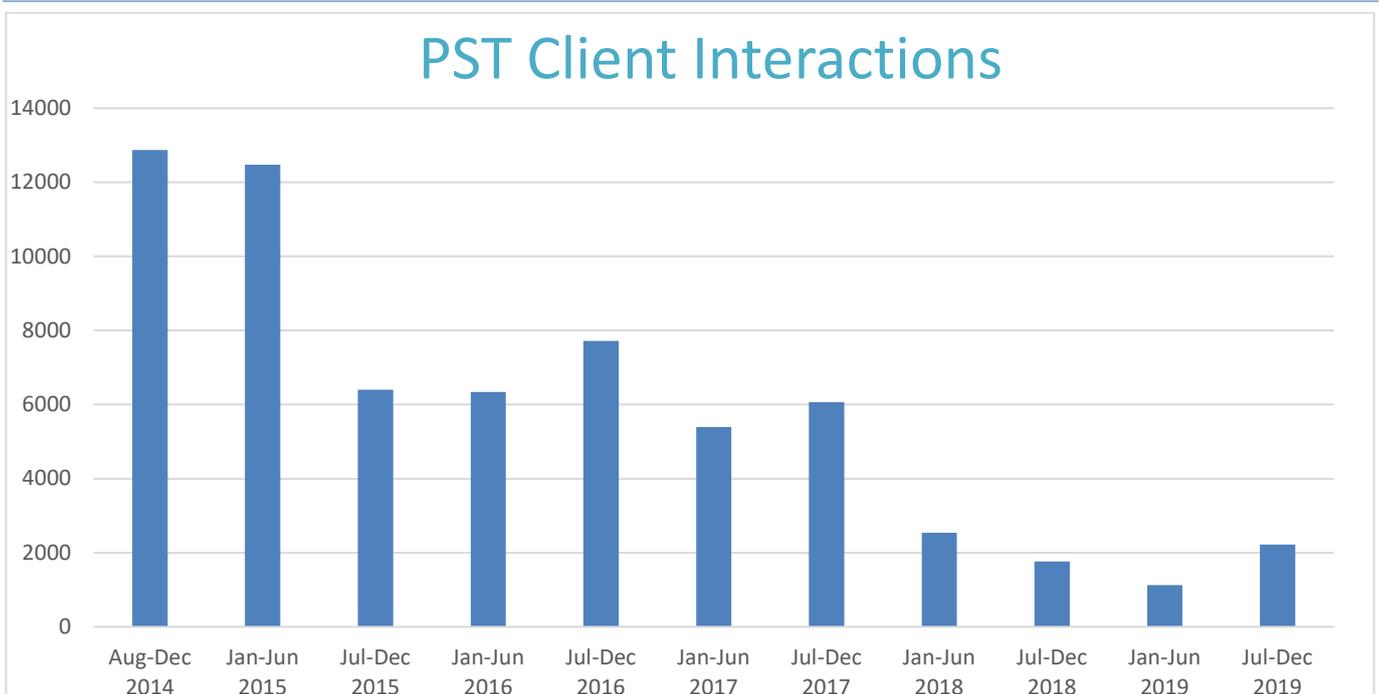
- providing information and support to homeowners and tenants who remain in their homes;
- contacting owners, tenants and landlords who have progressed through all phases of the Scheme to:
 - confirm their support and information needs are being met; and
 - assist them to connect to appropriate community services as needed;
- providing information and, if required, support for clients within the complex properties project;
- ensuring appropriate wellbeing supports remain accessible in community for members of affected households that may require tailored support options and;
- supporting owners considering their FROR offer to purchase their former property following demolition and remediation.

Table 1 and Figure 1 reports the interactions by PST from commencement of the Scheme. Whilst overall client interactions have reflected the slowing down of Scheme activity. As predicted, the second half of the year saw an increase in interactions with remaining affected homeowners. This was as a result of Eradication Pathways engagement work from PST working with clients about their options ahead of the closure of the Buyback Program on 30 June 2020 draws nearer.

Table 1: Client Relationship Management (CRM) System Interactions

	As at 30 June 2019	As at 31 December 2019	Interactions during the reporting period
CRM Interactions	62,702	64,926	2224

Figure 1: Client Relationship Management System Interactions



Homeowner Support

Pathways to Eradication for Remaining Affected Properties -

During the July – December 2019 reporting period, the Taskforce continued its focus on understanding the individual circumstances of the 36 remaining affected property owners, and their barriers to progressing toward vacating their affected property and ultimately demolition. In particular the Taskforce wanted to ensure that homeowners understood the best option for their circumstances and fully understood their options outside of the Scheme.

On 19 November 2019, the Government announced the Pathways to Eradication Package to manage any properties that remain privately-owned after the Buyback Program closes on 30 June 2020. The Taskforce wrote to homeowners of affected properties which remain privately owned immediately following the announcement providing detail of the initiatives announced in the Package. PST also undertook direct engagement with homeowners of remaining privately-owned affected properties immediately before and following the Package announcement.

Taskforce Executive meetings have also been held to enable a better understanding of each homeowners' particular circumstances and to provide information about options suitable to them. To end December 2019, since commencement of the pathways to eradication work, 27 executive meetings with remaining affected homeowners had taken place.

Additionally, PST continued to work with affected and impacted household members who have chosen a later settlement date or who require additional support by providing personal support linkages to the community or information to assist them in navigating their options suited to their individual circumstances.

PST also continued work on closing cases for homeowners who no longer require assistance from the Taskforce and all aspects of the Scheme had been finalised. As at end of the reporting period, 1,187 cases had been closed. PST remain available should any of these homeowners, tenants or landlords seek further support.

Table 2: Relocation Assistance Grants and Stamp Duty Concessions

	As at 30 June 2019		As at 31 December 2019		Activity	
	Number	Value	Number	Value	Number	Value
Relocation Assistance Grants	1,098	\$12.34m	1,102	\$12.41m	4 **	\$0.07m**
Stamp Duty Concessions*	684	\$16.80m	692	\$17.05m	8	\$0.25m

* The number and value of stamp duty concessions includes both Affected and Impacted properties.

** The number relates to packages paid in full. The value relates to relocation assistance grants paid in full and/ or part.

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 shows the total number of Land Rent applications lodged, approved and issued as at 31 December 2019 with there being no activity during the reporting period.

Table 3: Land Rent applications and leases

	As at 30 June 2019	As at 31 December 2019	Activity during reporting period
Land Rent Applications Lodged	5	5	0
Land Rent Applications Approved	5	5	0
Land Rent Leases Issued	3	3*	0

* Two of the five Land Rent Lease applications lodged and approved did not proceed to settlement.

3. Buyback Phase

In the July – December 2019 reporting period, an additional two properties were deemed ‘affected’, resulting in an increase in the total number of affected and impacted properties to 1,042 (1,025 affected and 17 impacted).

The July – December 2019 reporting period saw one homeowner with an extended settlement bring forward their settlement date; one non-participant choosing to enter the Scheme; with one newly identified property and one impacted property surrendered. This resulted in four properties (3 affected and 1 impacted) being surrendered during the reporting period.

One homeowner withdrew from the Scheme during the reporting period and demolished privately.

Table 4: Participation in the Scheme as at 31 December 2019

	Affected Properties	Eligible Impacted Properties	Total
Number of Properties	1,025	17	1,042
Participating in the Scheme	996	15	1,011
Not Participating in the Scheme	29	2	31

Voluntary Buyback Program

Table 5: Voluntary Buyback Program Offers and Settlements

	As at 30 June 2019		As at 31 December 2019		Progress	
	Affected	Eligible Impacted	Affected	Eligible Impacted	Affected	Eligible Impacted
Offers Accepted	977	15	979	15	2	0
Settlements	952	14	955	15	3	1

As at 31 December 2019, owners of 23 affected properties remained in the Buyback phase of the Scheme:

- 21 with a planned settlement date in 2020; and
- 2 others with planned settlement dates to be confirmed.

The Taskforce anticipates a number of these may also choose to bring forward their settlements in the lead up to the closing of the Buyback Program on 30 June 2020.

4. Demolition Phase

With the bulk of demolitions completed for standard single dwelling properties, the focus remained on progressing the demolition of complex properties. During the reporting period, four demolitions were completed (2 affected and 2 impacted) by the Taskforce. An additional three properties were demolished privately during the July – December 2019 reporting period.

The Taskforce continues to undertake the demolition of standard single dwellings as they become available. Where possible, these properties continue to be grouped together in order to gain demolition efficiencies. Three standard properties were surrendered in the July – December 2019 reporting period. These will be grouped into a package of works with a further three standard properties with anticipated surrender dates in early 2020. A key focus of the demolition phase is continuing the intensive work required to progress the demolition of complex properties. The wide range of types of complex properties has required a tailored solution and process for each, with the Taskforce working with a wide range of stakeholders to progress each property.

WorkSafe ACT and Major Projects Canberra (MPC) continue to play vital roles to ensure demolitions are undertaken safely and efficiently. Reflecting the decreasing number of demolitions being undertaken and length of packages of work, there were no active certification audits undertaken during the reporting period.

Table 6 shows the number of demolitions and deregistrations undertaken during the July – December 2019 period. As at 31 December 2019, approximately 95% of affected properties had been removed from the Register.

Table 6: Demolition and Deregistration Activity

	As at 30 June 2019		As at 31 December 2019		Progress	
	Affected	Eligible Impacted	Affected	Eligible Impacted	Affected	Eligible Impacted
Demolished	973	6	978	8	5	2
- Taskforce	947	6	949	8	2	2
- Assisted Private	12	*	12	*	0	*
- Self-Funded	13	*	16	*	3	*
- Surrendered following demolition	1	*	1	*	0	*
Deregistered	966	*	977	*	11	*
- Taskforce	941	*	948	*	7	*
- Assisted Private	12	*	12	*	0	*
- Self-Funded	13	*	16	*	3	*
- Surrendered following demolition	0	*	1	*	1	*

* Not relevant for Eligible Impacted Properties

Complex Properties

Focus during the July – December 2019 reporting period continued on progressing the demolition of complex properties owned by the Territory. During the reporting period a total of three complex properties were demolished being one String (1 affected and 2 impacted); and the heritage shared garage was rebuilt in Forrest.

With more than half of the 55 complex properties now demolished (37 as at the end of this reporting period), work in early 2020 will focus on completing demolition of the remaining available Duplex and String properties and preparing for the demolition of Multi-Unit Complexes. This includes preparing for the subsequent rebuild of these units and involves significant consultation with each complex's Owners Corporation. The Taskforce has engaged a consultant to prepare a DA submission for a Multi-Unit Complex (2 affected and 3 impacted) expected to be lodged in 2020.

Table 7: Complex Properties Progress

	Properties			Demolished As at 30 June 2019		Demolished As at 31 December 2019		Progress	
	TOTAL	Affected	Eligible Impacted	Affected	Eligible Impacted	Affected	Eligible Impacted	Affected	Eligible Impacted
Duplex	7	6	1	4	1	4	1	0	0
Dual Occupancy Not Unit-Titled	8	8	0	8	0	8	0	0	0
Shared Garages	3	3	0	3	0	3	0	0	0
Dual Occupancy Unit-Titled	10	9	1	8	1	8	1	0	0
Strings	15	7	8	5	4	6	6	1	2
Unit Complexes	12	5	7	0	0	0	0	0	0
TOTAL	55	38	17	28	6	29	8	1	2

Of the 18 complex properties remaining:

- 2 affected Duplex properties are owned by the Territory;
- 1 affected DOUT property is owned by the Territory;
- 3 (1 affected and 2 impacted) are String properties, two of which are owned by the Territory; and
- 12 (5 affected and 7 impacted) are Unit Complexes, ten of which are owned by the Territory and two eligible impacted are not participating.

5. Sales Phase

The Taskforce continues to deliver the Sales Program that triggers the rebuild of affected communities and assists in minimising the overall cost of the Scheme. As at the end of the reporting period, 888 contracts for sale had been exchanged and 856 settlements completed, including 47 FROR contracts exchanged and five sales to ACT Government Agencies.

As at 31 December 2019, a total of 643 offers had been made to former owners holding a FROR with 12 offers being made during the reporting period. This FROR take up rate remains at just under 9%. The FROR continues to provide an opportunity for former owners to repurchase their block in an off-market transaction in order to return to their former community.

The Taskforce Sales Program undertook a procurement process in July 2019 for a Sales Agent to undertake an auction program for a 12 month period. Civium was the successful tenderer and held the first auction event on 30 October 2019. Thirty-two blocks were taken to auction, 14 were sold under auction conditions, with 18 passed-in blocks being managed over the counter (OTC) by Civium. Sales activity will continue through 2020 on a much smaller scale as blocks become available. Over the counter blocks will be actively marketed through the Taskforce and Civium. A range of sales strategies and auction events will continue to be explored during 2020 around the best way to market the remaining properties available for sale.

As at 31 December 2019, a total of 881 blocks had been taken to market, 45 blocks remain for sale OTC, 31 under the Taskforce sales program and 14 under Civium, seven of these are currently under offer, six with the Taskforce and one with Civium. The average price for properties remaining OTC was approximately \$627,200.

Table 8: First Right of Refusal and Public Sales

	As at 30 June 2019	As at 31 December 2019	Progress
Sales – FROR ²			
- Offers Sent	632	643	12
- Offers Accepted	93	94	1
- Acceptances Withdrawn	36	37	1
- Offers Declined	259	263	5
- Offers Forfeited	278	282	4
- Sold (exchanged)	47	47	0
- Sold (settled)	46	46	0
Sales – Public Sale			
- Offered for Sale	866	881	15
- Sold (exchanged)	800	836	36
- Sold (settled)	785	805	20
Sales - Government			
- Contracts exchanged	5	5	0
- Contracts settled	5	5	0

² 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 8 do not always total the number of offers sent.

6. Financial Impact

The estimated net cash cost of the Scheme as at the end of December 2019 remains at \$289 million (excluding contingency). This estimate will continue to be through the ACT Government Budget and mid-year review.

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

	As at 30 June 2019			As at 31 December 2019		
	No.	Total Cost	Average	No.	Total Cost	Average
Properties Settled	966	\$692,513,968	\$716,888	970	\$695,035,457	\$716,531

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

	As at 30 June 2019			As at 31 December 2019		
	No.	Total Cost	Average	No.	Total Cost	Average
Properties Demolished or Under Contract for Demolition*	960	\$86,989,939	\$90,615	965	\$87,435,631	\$90,607

* 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 several 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 2019		As at 31 December 2019		Activity Progress	
	Number	Value	Number	Value	Number	Value
FROR	47	\$37,396,700	47	\$37,396,700	0	\$0
Public Sale	800	\$520,331,251	836	\$547,041,251	36	\$26,710,000
- Auction	358	\$263,336,250	371	\$272,630,750	13	\$9,294,500
- By Negotiation	42	\$24,857,300	43	\$25,232,300	1	\$375,000
- Over the Counter	400	\$232,137,701	422	249,178,201	22	\$17,040,500
Sale to Government	5	\$2,340,000	5	\$2,340,000	0	\$0

7. Community Information and Engagement

The Taskforce continues to keep the community informed of planned works in their area, with letters delivered to neighbours when a contract is awarded for demolition and when a property is deregistered.

Table 13 below shows the progress of activity during in the second half of 2019.

Table 13: Correspondence with Neighbours

	As at 30 June 2019	As at 31 December 2019	Activity
Contract Award Letters	8,150	8,231	81
Deregistration Letters	9,110	9,278	168

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 issued by the head contractor.

Targeted engagement, including doorknocking and meetings, continued for neighbours closely associated with complex properties. The July – December 2019 reporting period the Taskforce engaged with just 31 neighbours and obtained authorisation from the Owners Corporation in Higgins, in relation to planned activity of nearby complex properties. This reducing activity is reflective of the progress made on demolition and resolution of most of the complexities associated with the complex properties.

During this reporting period, the Community and Expert Reference Group (CERG) provided the *Mr Fluffy Legacy Project: Consultation Outcomes and Recommendations Report* (the Report) to the Minister for Employment and Workplace Safety and the Taskforce. This report considers and provides advice to the ACT Government on how the legacies of more than 50 years of Mr Fluffy in Canberra homes may be acknowledged. The report responds to community interest in acknowledging the impact of Mr Fluffy and its legacy for the Canberra community.

The consultation process led by independent engagement experts RPS Manidis Roberts Pty Ltd engaged with the community in a number of ways including online through a dedicated engagement website, attendance at drop-in sessions or by sending a letter or email to the working group. In total there were 132 engagements either face to face or through the online platform, and several individuals participated in more than one activity.

The Report provides many suggestions for tangible ways of respond to and acknowledging the impact of Mr Fluffy on individuals and the community. The report contains six recommendation themes comprising: Learning lessons and documenting knowledge; tracking the ongoing health impacts; supporting families now and in the future; recording the stories and personal experiences; establishing a place of reflection and supporting educations and research.

The Minister for Employment and Workplace Safety and the Taskforce are considering the Report's advice and how the six identified themes can be given effect.

Remaining Affected Properties – Supporting Community Safety

While continuing its work to achieve the end of goal of eradicating loose fill asbestos insulation from Canberra's residential properties, the Taskforce sought to balance the needs of homeowners with community safety.

Several approaches were identified that would contribute to improving community safety in relation to remaining residential properties affected by loose fill asbestos insulation, which include:

- increased awareness – particularly for tradespeople and care workers; and
- improved enforcement action for Asbestos Management Plans (AMPs).

During the July – December 2019 reporting period the Taskforce continued to build on its relationship with peak bodies for tradespeople, care workers and property managers by distributing posters with key information around supporting community safety. This enabled them to be kept fully informed and assist them to educate their members about the Register and AMPs.

The Taskforce continued its work to support homeowners of remaining properties who chose to manage their Mr Fluffy property privately, including connecting people with relevant community health, personal and practical supports as well as referrals to WorkSafe ACT around AMPs.

The announcement of the Pathways to Eradication package, included opportunities to further support community safety from 1 July 2020 by:

- strengthening the management of Mr Fluffy properties through sale conditions and tenancy agreements; and
- amendments to the *Planning and Development Regulation 2008* requiring development approval for all building works in a Mr Fluffy house.

Under the *Dangerous Substances (General) Regulation 2004* homeowners that choose to remain in, or allow others to reside in, a property affected by loose fill asbestos insulation, are required to have an Asbestos Contamination Report (commonly known as an AMP) prepared and lodged with WorkSafe ACT. This requirement came into force in February 2016.

As at the end of July 2019, WorkSafe ACT records indicated that of the 45 properties required to have an AMP in place:

- 27 were fully compliant;
- 1 partially compliant (an assessment had been done, but the works required by that assessment had not been completed); and
- 17 were not compliant (with 6 of these having never been).

The July – December 2019 reporting period saw an improvement in these statistics with the number of properties required to have an AMP in place reduced to 35 and the status of these were:

- 28 were fully compliant;
- 6 partially compliant (an assessment had been done, but the works required by that assessment had not been completed); and
- 1 was not compliant (and has never been).

WorkSafe ACT continue to monitor compliance and liaise with affected property owners and will continue to work with the Taskforce to strengthen the regulation of AMPs by moving from 'engage' to 'deter and correct'.

8. Scheme Governance

The Eradication Scheme Steering Committee (ESSC) provides high level oversight of the Taskforce's activities with a particular focus on good governance through to the conclusion of the Scheme. ESSC continues to monitor the Scheme's key milestone progress and performance and provides a platform to monitor the effectiveness of risks and controls.

ESSC meet bi-monthly and receive reports out of session on alternate months. The ESSC met two times during the reporting period and considered both current activities of the Taskforce and the planned work for the coming years. During the reporting period, one meeting was cancelled as the required quorum could not be met.

The Taskforce internal assurance initiatives, are monitored by the Environment Planning and Sustainable Development Audit Committee. This committee provides independent assistance and advice to the Taskforce on risk, control and accountability responsibilities.

9. Conclusion

During the July – December 2019 reporting period, the Taskforce has:

- commenced intensive information and engagement activities to support the homeowners of privately owned remaining affected properties enabling them to further explore pathways to eradication suited to their individual circumstances;
- commenced work on supporting community safety by increasing awareness for tradespeople, care workers and property managers of the dangers of loose fill asbestos insulation;
- safely demolished two affected and two impacted properties, including one complex property string;
- progressed the demolition of Shared Garages, DOUT and String complex properties;
- continued to roll out the sales of remediated blocks through FROR and Public Sales processes;
- continued to close cases for homeowners, tenants and landlords who no longer require assistance; and
- continued to provide support to homeowners, including non-participants, and the community.

The first half of 2020 is expected to see:

- meeting with homeowners of remaining affected properties to assist them in exploring all their options and identify individual pathways to eradication;
- continued provision of individual case management, targeted communications, personalised support and assistance to ensure those impacted by the Mr Fluffy legacy can access the support as needed;
- finalisation of options for managing any affected properties that remain privately owned beyond 30 June 2020;
- provision of information to homeowners of remaining affected properties about managing their Mr Fluffy property beyond 30 June 2020, when the Buyback Program closes;
- continued assistance to homeowners choosing to manage their property privately through the provision of information and connection to industry and community agencies to enable them to make informed decisions suited to their individual circumstances;
- supporting community safety by fostering constructive relationships with peak bodies for tradespeople, care workers and property managers to keep them fully informed and assist them to educate their members about Mr Fluffy;
- work progressed on addressing the challenges associated with demolition of affected and impacted properties within unit complexes, including the rebuild of units;
- continued roll out of a safe demolition program as properties become available;
- continued progress of the final phase of the Scheme through the FROR and Public Sales processes;
- consistent communication and engagement with neighbours of affected properties;
- a continuation of CERG's work on the *Mr Fluffy Legacy Project*; and
- continuation of internal assurance initiatives to ensure the current high levels of performance and accountability are maintained.