

2019

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

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

1 JULY 2018 – 31 DECEMBER 2018

**Presented by
Ms Rachel Stephen-Smith MLA
Minister for Employment and Workplace Safety**

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1. Overview

This is the 15th report presented to the Legislative Assembly detailing the implementation of the ACT Government's Loose Fill Asbestos Insulation Eradication Scheme (Scheme). The report assists the Assembly, members of the community and other interested parties in understanding and monitoring the work of the Asbestos Response Taskforce (Taskforce) to eradicate loose fill asbestos from residential properties in the ACT.

This report outlines the activities of the Taskforce from July - December 2018, which saw:

- the safe demolition of 11 properties (nine affected and two impacted), bringing the total number of demolitions under the Taskforce program to 940 (936 affected and four impacted) at the end of the reporting period;
- the removal of 11 blocks from the Affected Residential Premises Register (Register), bringing the total number of deregistrations to 956 at the end of the reporting period;
- 10 First Right of Refusal (FROR) offers made to former homeowners providing an opportunity to purchase their remediated block;
- continuation of the public Sales Program, with 73 remediated blocks released for sale and 98 sales settled within the reporting period;
- engagement with former owners of affected houses through the FROR process, and neighbours in relation to activity on Mr Fluffy sites across Canberra;
- considerable progress on the 53 'complex properties' with six affected and two impacted properties demolished, bringing the total number of complex properties demolished to 27 (23 affected and four impacted) at the end of the reporting period;
- publication on 6 December 2018 of the full Register, identifying 67 affected properties remaining as at the date of publication; and
- advice provided to homeowners of properties not yet demolished that from 1 July 2019, the cost of disposing of rubble from privately demolished Mr Fluffy properties will be borne by the parties involved.

Recognising the retrospective nature of this reporting series, more up-to-date key performance statistics, as at 30 January 2019, are provided below:

- the owners of 993¹ affected properties (including 12 assisted private demolitions and five Housing ACT properties) and 14 eligible impacted properties had agreed to participate in the Scheme;
- 964 affected properties demolished (940 by the Taskforce, 12 assisted private demolition and 12 privately);
- 957 blocks had been deregistered;
- 634 FROR offers had been made;
- 866 remediated blocks had been offered for public sale;
- contracts for sale exchanged on 832 remediated blocks (46 FROR, five direct to an ACT Government Agency and 781 public sale); and
- sales settled on 801 blocks (45 FROR, five direct sale to an ACT Government Agency and 751 public sales).

¹ one homeowner of an affected property withdrew from the Scheme in January 2019 to undertake a private demolition.

2. Implementing the Scheme – Governance Arrangements

On 1 October 2018, under *Administrative Arrangements 2018 (No 2)*, the Minister for Employment and Workplace Safety, Ms Rachel Stephen-Smith MLA took over ministerial oversight of the Scheme. The Taskforce remains part of the Urban Renewal stream of the Environment, Planning and Sustainable Development Directorate (EPSDD) where it continues the work to eradicate loose fill asbestos insulation from the ACT's residential housing stock.

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

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

Progress during the second half of 2018 is reported against each of these phases in the following sections, as is activity undertaken in relation to communications, finance, and governance.

3. Assistance Phase

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

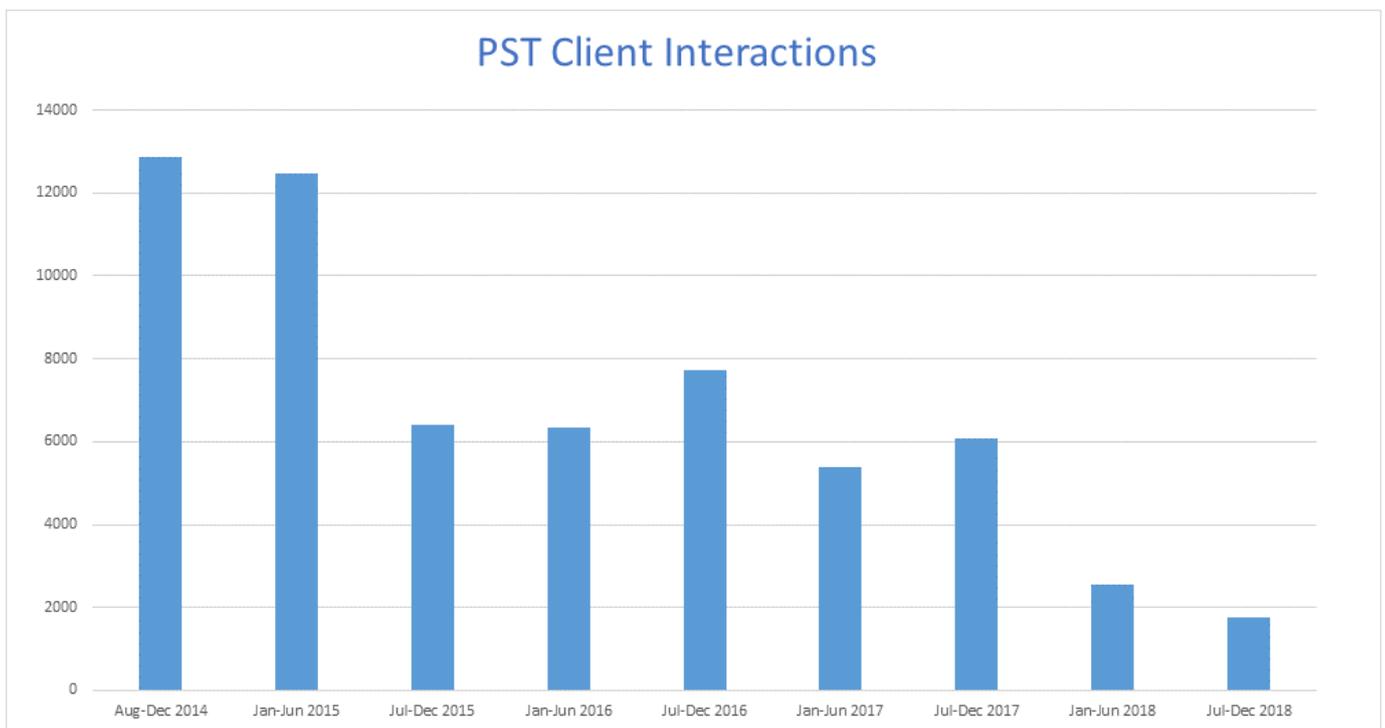
- providing information and support to homeowners and tenants who remain in their homes;
- supporting owners considering their FROR offer to purchase their former property following demolition and remediation;
- contacting owners, tenants and landlords who have progressed through all phases of the Scheme to confirm their support and information needs are being met and assist them to connect to appropriate community services as needed; and
- providing information and, if required, case coordination support for impacted clients within the complex properties project.

Table 1 and Figure 1 reports the interactions by PST from commencement of the Scheme. The number of interactions is expected to slowly decline over the first half of 2019 as Scheme activity slows.

Table 1: Client Relationship Management (CRM) System Interactions

	As at 30 June 2018	As at 31 December 2018	Interactions during the reporting period
CRM Interactions	59,807	61,571	1,764

Figure 1: Client Relationship Management System Interactions



Homeowner Support

In the second half of 2018, PST continued their 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, 1,145 cases had been closed. PST remain available should any of these homeowners, tenants or landlords seek further support.

During the reporting period, PST continued to work with homeowners who have chosen a later settlement date or who require additional support, to assist with access to information and support services.

Table 2: Relocation Assistance Grants and Stamp Duty Concessions

	As at 30 June 2018		As at 31 December 2018		Activity	
	Number	Value	Number	Value	Number	Value
Relocation Assistance Grants	1078	\$12.10m	1094	\$12.25m	16	\$0.15m
Stamp Duty Concessions ²	669	\$16.32m	675	\$16.50m	6	\$0.18m

² The number and value of stamp duty concessions includes both Affected and Impacted properties.

During the reporting period, PST continued to identify and contact homeowners, tenants and landlords who had not yet claimed their financial assistance grants to encourage them to lodge the required application. As this personal contact approach was proving effective, the planned formal letter to eligible homeowners or tenants advising of application close dates, has been pushed out until mid 2019.

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 June 2018	As at 31 December 2018	Progress Number
Land Rent Applications Lodged	5	5	0
Land Rent Applications Approved	5	5	0
Land Rent Leases Issued	2	2	0

No further land rent leases had been issued in the six months from 1 July 2018 to 31 December 2018.

4. Buyback Phase

The July - December 2018 reporting period saw some homeowners with extended settlements bring forward their settlement date. This resulted in six properties (three affected and three impacted) being surrendered during the period.

Whilst currently there are only four buyback settlements scheduled for 2019, the Taskforce expects more homeowners to bring forward their settlement date throughout the year.

Table 4: Participation in the Scheme as at 31 December 2018

	Affected Properties	Eligible Impacted Properties	Total
Number of Properties	1023	15	1038
Participating in the Scheme	994	14	1008
Not Participating in the Scheme	29	1	30

Voluntary Buyback Program

Table 5: Voluntary Buyback Program Offers and Settlements

	As at 30 June 2018		As at 31 December 2018		Progress	
	Affected	Eligible Impacted	Affected	Eligible Impacted	Affected	Eligible Impacted
Offers Accepted	977	14	977	14	0	0
Settlements	943	11	946	14	3	3

As at 31 December 2018, owners of 30 affected properties remained in the Buyback phase of the Scheme:

- 30 contracts exchanged but not settled:
 - 4 with planned settlement dates in 2019;
 - 25 with planned settlement dates in 2020; and
 - One with no confirmed settlement date.

5. 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, 11 demolitions were completed (nine affected and two impacted). An additional two private demolitions also occurred during this time.

Future work will focus on grouping any standard single dwelling properties as they are surrendered in order to gain demolition efficiencies, and continuing the intensive work required to progress the demolition of complex properties.

Infrastructure Finance and Capital Works (IFCW) and WorkSafe ACT continue to play vital roles to ensure demolitions are undertaken safely and efficiently. Reflecting the decreased volume of demolition activity, just one active certification audit was undertaken during the last half of 2018.

Table 6 shows the number of demolitions and deregistrations undertaken during the July - December 2018 period. As at 31 December 2018, approximately 93% of affected properties had been removed from the Register.

Table 6: Demolition and Deregistration Activity

	As at 30 June 2018		As at 31 December 2018		Progress	
	Affected	Eligible Impacted	Affected	Eligible Impacted	Affected	Eligible Impacted
Demolished	949	2	960	4	11	2
- Taskforce	927	2	936	4	9	2
- Assisted Private	12	*	12	*	0	*
- Self-Funded	10	*	12	*	2	*
Deregistered	945	*	956	*	11	*
- Taskforce	923	*	932	*	9	*
- Assisted Private	12	*	12	*	0	*
- Self-Funded	10	*	12	*	2	*

* Not relevant for Eligible Impacted Properties

Complex Properties

Focus during the July - December 2018 reporting period continued on progressing the demolition of Dual Occupancy Unit Titled (DOUT) and String properties owned by the Territory. During the reporting period a total of eight complex properties were demolished (four affected DOUTs, two affected Strings and two eligible impacted Strings).

With half of the 53 complex properties now demolished (27 as at the end of this reporting period), work in early 2019 will focus on completing the demolitions of the Territory owned DOUTs and String properties, and preparing for the demolition of the Shared Garage property (including the rebuild of the heritage shared garage).

Learnings from the work undertaken to date on the DOUT and String properties will be used to develop the best approach for managing the demolition of units within Unit Complexes. Planning and assessment work will progress in early 2019, with a view to having all approvals in place and site works commenced for one of the Unit Complexes in late 2019.

Table 7: Complex Properties Progress

	Properties			Demolished As at 30 June 2018		Demolished As at 31 December 2018		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	2	0	2	0	0	0
Dual Occupancy Unit-Titled	10	9	1	1	0	5	0	4	0
Strings	15	7	8	2	1	4	3	2	2
Unit Complexes	10	5	5	0	0	0	0	0	0
TOTAL	53	38	15	17	2	23	4	6	2

Of the 26 complex properties remaining:

- 2 affected are in a Duplex with a 2020 settlement date;
- 1 affected is a Shared Garage owned by the Territory;
- 5 (4 affected and 1 impacted) are DOUT properties owned by the Territory;
- 8 (3 affected and 5 impacted) are String properties, 7 of which are owned by the Territory; and
- 10 (5 affected and 5 impacted) are Unit Complexes, 9 of which are owned by the Territory and one not participating.

6. 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, 825 contracts for sale had been exchanged and 781 settlements completed, including 45 FROR contracts and five sales to ACT Government Agencies.

As at 31 December 2018, a total of 633 offers had been made to former owners holding a FROR with 10 offers being made during the reporting period. This brings the FROR take up rate to just under 8%. 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.

Two auction events were held in the latter part of 2018. One was held in September 2018 which offered 55 blocks and saw 18 sell under the hammer or directly afterwards. A second event was held in December 2018 which offered 18 blocks and saw five blocks sell under the hammer or directly afterwards. As at the end of the reporting period, a total of 866 blocks had been taken to market.

As at 31 December 2018, 91 blocks remained for sale Over the Counter (OTC) with 22 under offer. The average price for properties remaining OTC was approximately \$797,588.

As the bulk of the Sales Program has now been completed, and with the sales agent contract ending on 1 January 2019, the management of the remaining stock has been transferred in-house to be managed by the Taskforce in conjunction with the Suburban Land Agency. Sales activity will be rolled out through 2019 on a much smaller scale as blocks become available. OTC blocks will be actively marketed and a range of sales strategies explored during 2019 around the best way to market the remaining properties.

Table 8: First Right of Refusal and Public Sales

	As at 30 June 2018	As at 31 December 2018	Progress
Sales – FROR³			
- Offers Sent	623	633	10
- Offers Accepted	92	93	1
- Acceptances Withdrawn	34	36	2
- Offers Declined	254	258	4
- Offers Forfeited	266	278	12
- Sold (exchanged)	45	45	0
- Sold (settled)	45	45	0
Sales – Public Sale			
- Offered for Sale	793	866	73
- Sold (exchanged)	689	775	86
- Sold (settled)	633	731	98
Sales - Government			
- Contracts exchanged	5	5	0
- Contracts settled	5	5	0

³ 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.

2. Financial Impact

The estimated net cash cost of the Scheme as at the end of December 2018 remains at \$295 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 2018			As at 31 December 2018		
	No.	Total Cost	Average	No.	Total Cost	Average
Properties Settled	954	\$682,447,910	\$715,354	960	\$686,939,661	\$715,559

Owners of the majority of properties that were forecast to be settled in 2018-19 had chosen to bring forward settlement to the first half of the financial year. Any additional settlements above the total forecast for the remainder of the year will be managed from within existing appropriations.

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

	As at 30 June 2018			As at 31 December 2018		
	No.	Total Cost	Average	No.	Total Cost	Average
Properties Demolished or Under Contract for Demolition⁴	936	\$85,148,568	\$90,971	946	\$84,538,831	\$89,365

⁴ 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 11: Sales Program Revenue (based on exchanged contracts)

Sales	As at 30 June 2018		As at 31 December 2018		Activity Progress	
	Number	Value	Number	Value	Number	Value
FROR	45	\$36,436,700	45	\$36,436,700	0	\$0
Public Sale	689	\$453,308,851	775	\$504,450,751	86	\$51,141,900
- Auction	343 ⁵	\$252,375,250 ⁵	358	\$263,336,250	15	\$10,961,000
- By Negotiation	32 ⁵	\$19,848,500 ⁵	42	\$24,857,300	10	\$5,008,800
- Over the Counter	314	\$181,085,101	375	\$216,257,201	61	\$35,172,100
Sale to Government	5	\$2,340,000	5	\$2,340,000	0	\$0

⁵ Sales figures as at 30 June 2018 have been revised to show two properties that were previously recorded as having sold at auction which were instead sold by negotiation.

4. 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 last half of 2018.

Table 13: Correspondence with Neighbours

	As at 30 June 2018	As at 31 December 2018	Activity
Contract Award Letters	7743	7921	178
Deregistration Letters	8900	9009	109

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 regular meetings, continued for neighbours closely associated with complex properties. During the reporting period, the Taskforce engaged with 143 neighbours in relation to planned activity of nearby complex properties.

Publishing the Register

On 6 December 2018 the Taskforce published the details of the *Affected Residential Premises Register (Register)*, showing all affected properties yet to be demolished, whether privately owned or held by the Territory. This action was taken to provide members of the community a way to easily identify any remaining affected property. This is particularly important for tradespeople and care providers working on or in an affected property.

Prior to the publication, on 31 October 2018, the Taskforce wrote to all owners of the remaining properties to advise them of the upcoming publication and remind them of the process to have a property removed from the Register following private demolition.

Removal of tip fee waiver

With the bulk of demolitions completed and program activity slowing, a review of the West Belconnen Resource Management Centre (WBRMC) to receive Mr Fluffy demolition rubble, meant that the WBRMC would progressively close to new deliveries and permanent capping of disposal sites would take place through the remediation phase.

The Taskforce originally advised homeowners of this development and foreshadowed the possibility of the removal of the tip fee waiver on 24 July 2017.

5. Scheme Governance

The Eradication Scheme Steering Committee (ESSC) provides high level oversight of the Taskforce activities with a particular focus on ensuring good governance remains in place through to the conclusion of the Scheme.

ESSC made the decision in July 2018 that, with the bulk of demolition activity completed and the advanced nature of the Scheme, it would continue oversight through face to face bi-monthly meetings and out of session reporting on alternate months. During the reporting period, ESSC met four times.

The Taskforce has undertaken a series of internal assurance initiatives, such as review of staff resources, administrative process methods and review of Standard Operating Procedures, to ensure the current high level of performance and accountability is maintained.

6. Conclusion

In the last half of 2018, the Taskforce has:

- safely demolished nine affected and two impacted properties, including eight with additional complexities;
- progressed the demolition of 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;
- continued to provide support to homeowners, including non-participants, and the community; and
- continued to work with many of those who had not yet claimed their financial assistance.

The first half of 2019 is expected to see:

- the provision of focussed support to remaining homeowners, including non-participants, assisting them to explore all options available in their current circumstances;
- work progressed on addressing the challenges associated with demolition of affected and impacted properties within unit complexes, including planning for the rebuild of the 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; and
- continuation of internal assurance initiatives to ensure the current high levels of performance and accountability are maintained.