



Concessional Loan

Application & Assessment Guidelines

Version 4, June 2023



Table of Contents

Pg 3	Minister Foreword	
Pg 4	About the Concessional Loan	
Pg 4	Purpose of these Guidelines	
Pg 5	Key aspects of the Concessional Loan	
Pg 6	Overview of the remediation process and resources	
Pg 7	Are you eligible for a Concessional Loan?	
	- What if you don't fit the eligibility criteria?	
Pg 8	How can you apply?	
	- Who can make an application?	
	- What documentation do you need to supply?	
Pg 9	Eligible Works that can be funded under the Concessional Loan	
Pg 10	Expenses explained	
	- Expenses covered under the Concessional Loan	
	- Administration costs	
	- Expenses not covered by the Concessional Loan	
Pg 11	How much is the available loan amount?	
	- Owners Corporations that have undertaken the Investigation and Tender Process	
	- Owners Corporations that have not undertaken the Investigation and Tender Process	
Pg 12	Application assessment - eligibility	
Pg 13	Application assessment - financial	
Pg 14	Transferring from a Commercial Loan	
	- Transitional assistance	
Pg 15	How will milestone payment be made?	
Pg 15	When are loan repayments due?	
Pg 16	How are interest rates determined?	
Pg 16	Hardship Policy	
Pg 17	Loan Administrator	
Pg 17	Further information	
Pg 18	Glossary	

1. Minister's Foreword



Message from the Minister for Sustainable Housing and Construction

The ACT Government recognises that the issue of combustible cladding is a challenging one for private building owners. Owners Corporations face unanticipated costs to remediate their buildings in order to ensure the safety of their premises. The Private Buildings Cladding Scheme Concessional Loan will ease the financial burden on owners to remediate combustible cladding on their building.

The ACT Government is committed to supporting eligible Owners Corporations to understand and mitigate the risks of combustible cladding on their buildings. In our first phase, we assisted Owners Corporations with the costs of testing and assessment to investigate the risk posed by combustible cladding. We learned a lot through the delivery of the Testing and Assessment Scheme and spent the last 12 months designing the Concessional Loan in consultation with Owners Corporations, Strata Managers and peak bodies, to make sure we get it right.

We have engaged Lannock Strata Finance to administer the loan on the government's behalf and provide quality strata loan services to participating Owners Corporations. Lannock Strata Finance brings extensive experience in providing strata loans and will assist the ACT Government to provide a quality service to Owners Corporations.

I wish to thank the Owners Corporations who have chosen to participate in the Private Buildings Cladding Scheme and make informed decisions about combustible cladding on their buildings. I will continue to work with our constituents and other stakeholders to offer this support and help make the ACT community safer.

Rebecca Vassarotti, MLA

Minister for Sustainable Housing and Construction

2. About the Concessional Loan

In July 2021, the ACT Government established the first phase of the Private Buildings Cladding Scheme, (the Testing and Assessment Scheme), which offered a rebate to eligible Owners Corporations to test and assess the cladding on their buildings. Applications for the Testing and Assessment Scheme have now closed.

As part of its ongoing commitment to assisting Owners Corporations, the ACT Government is now offering, as the second phase of the Scheme, a Concessional Loan (the Loan) to remediate combustible cladding from apartment buildings where it poses a moderate or higher safety risk to residents.

Owners Corporations of eligible buildings that participated in the Rebate Scheme, or who have a

pre-existing Commercial Loan, can apply for a low interest loan to engage suitably qualified service providers to remove combustible cladding and replace these products with acceptable products under the National Construction Code. The Concessional Loan will assist Owners Corporations to meet their responsibility to maintain safe premises, ensuring the safety and wellbeing of residents and visitors in eligible buildings.

The Concessional Loan is being administered by Major Projects Canberra, which has appointed a Loan Administrator, Lannock Strata Finance, to manage the funding and repayment of the loan.

3. Purpose of these Guidelines

These Guidelines set out the key features of the Concessional Loan, the eligibility requirements to access the loan, the types of costs which may be funded through the Concessional Loan, how the loan will be paid to the Owners Corporation, and how interest and repayments will be managed.





It is recommended that Owners Corporations also read the [Concessional Loan Remediation Guidelines](#) to understand the expectations and requirements for remediation works funded through an approved Concessional Loan.

4. Key aspects of the Concessional Loan

Applications open	29 August 2022
Applications close	30 June 2024
Who can apply for the loan?	Owners Corporations of eligible buildings.
Who will be the parties to the loan agreement?	Lannock Capital and each Owners Corporations that has applied and been approved for a Concessional Loan. A separate agreement will exist between the Owners Corporation and the ACT Government to cover the requirements of the Guidelines.
Interest rate at the commencement of the Scheme	4.2% fixed rate at the date of commencement of the Scheme. The interest rate offered to applicants is at the cost of Government borrowing which is subject to change (see 16. How are interest rates determined?).
What is the maximum that can be borrowed?	Owners Corporations can borrow up to \$15 million (see note). In exceptional circumstances, the ACT Government can consider allowing access to loans over this limit. This will be decided on a case-by-case basis.
When must the loan be repaid?	Whilst the works are in progress, the Owners Corporations will pay interest on the amounts drawn under the loan. When the works have been completed, the Owners Corporation must make principal and interest payments over a 10 year repayment period.
What is the amount of time to pay back a loan?	Owners Corporations will have 10 years after the remediation works are completed to pay back the loan – this period is known as the Loan Repayment Period.
When does the loan need to be drawn down?	The loan needs to be drawn down in full within 24 months of the date of execution of the final loan contract. The loan for Eligible Works must be drawn down in full and all Eligible Works completed within 24 months of the execution of the contract for these works (the Final Loan Contract).
How often do repayments have to be made?	Repayments are to be made monthly. However, it's likely that Owners Corporations will raise levies on a quarterly basis.
How long does an owners corporation have to undertake the investigation and tender process?	The investigation and tender process needs to be undertaken within six months of the date of the execution of the preliminary loan contract, that is, the contract funding the investigation and tender process.

Note: all monetary amounts quoted in this Guideline are GST Inclusive

5. Overview of the remediation process and resources

Phase	Resource
 Testing and Assessment	Assessing Cladding Register of Suppliers
 Concessional Loan - application and approval	Concessional Loan Application and Assessment Guidelines
 Remediation process	Concessional Loan Remediation Guidelines Register of Suppliers
 Loan repayments	Concessional Loan Application and Assessment Guidelines Lannock's website

All capitalised words which are not at the beginning of a sentence, are defined in the Glossary at the end of these Guidelines.



6. Are you eligible for a concessional loan?

6.1 To be eligible, Owners Corporations must:

- have participated in the Testing and Assessment Scheme

OR

- be transferring from a Commercial Loan taken out for the purposes of remediating their cladding and have an eligible building type

AND

- have cladding on their building that poses a moderate or higher fire safety risk.

6.2 What is an eligible building type?

A class 2 apartment building of at least three storeys or a cluster of buildings that has participated in the test and assessment phase of the scheme.

A cluster of buildings must consist of:

- Class 1a multi storey residential buildings, such as townhouses or semi-detached terraces of three storeys or higher
- Where there are at least five (5) separate residential dwellings joined together by shared walls between buildings.

6.3 What if you don't fit the eligibility criteria?

Owners Corporations which do not fit into either of these categories may apply for discretionary access to the Concessional Loan if they have a testing and assessment report or other evidence which indicates that the cladding on their building poses a moderate or higher fire safety risk.

Each application for discretionary access will be decided on its merits with reference to the level of risk posed by the Cladding.



7. How can you apply?

7.1 Who can make an application?

Applications can be submitted online using the [Application Form](#).

A member of an executive committee or Strata Manager can apply on behalf of an eligible Owners Corporation.

Unless granted an exemption, Owners Corporations seeking to apply for a concessional loan must ensure that at least two members of their executive committee and their strata manager (if assisting with the loan) must attend briefing sessions on the Concessional Loan Scheme before their application will be assessed for eligibility. These briefings are provided by Major Projects Canberra on a regular basis.

7.2 What documentation do you need to apply?

Owners Corporations who participated in the Testing and Assessment Scheme and have already submitted a Comprehensive Testing and Assessment Report, do not need to include this in the application

Where an Owners Corporation has undertaken a tender process or commenced remediation, they will need to also include the following documents with their application:

- the Scope of Works used for the tender process
- the Accepted Quote from the builder preferred by the Owners Corporation
- any other records or documents that indicate that the level of fire risk associated with the cladding is moderate or higher
- the building contract, if one exists, and
- the building approval, if it has been issued for the remediation works.

Where an Owners Corporation is transferring from a Commercial Loan, they will need to submit the documents below to us before an assessment of eligibility can be made. Please note without a building contract, appropriate bank statement, building approval and a Certificate of Occupancy an Owners Corporation will not be eligible for a transfer of a commercial loan. The documents which need to be submitted with the application are:

- the most recent statement/s of their cladding loan which should cover the period from either 21 July 2021 or the loan commencement date (if later than July 2021) until the date the Scheme opened (29 August 2022) and include details of the financial institution, the interest rate and the amount of interest paid
- the Scope of Works submitted for the tender process
- the Accepted Quote from the builder used by the Owners Corporation to remediate the cladding
- the building contract
- the building approval issued for the remediation works, and
- the Certificate of Occupancy.

Each application will only be assessed after all relevant documentation and information has been provided. If Major Projects Canberra has questions about the question, these will need to be answered before the application is assessed.



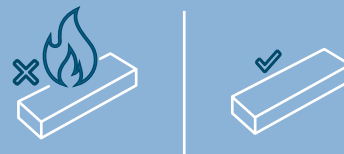
8. Eligible Works that can be funded under the Concessional Loan

The following are Eligible Works that may be funded under the Concessional Loan:

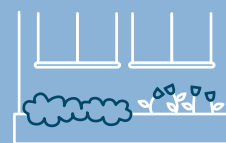
- works necessary to remediate the cladding of an Eligible Building, including removing the cladding, and replacing it with non-combustible material which is compliant with the National Construction Code
- works which are incidental to and only required because of the cladding remediation (for example; retiling, repainting and fixing garden beds), and
- works in or on the External Wall which are necessary for certification. Please note certain works in the External Wall are excluded - see paragraph 9.3 below.

Eligible Works

Removing and replacing combustible cladding



Make good works only required because of the cladding remediation



Cladding related works on the External Wall which are necessary for certification





9. Expenses explained

9.1 Expenses covered under the Concessional Loan

Concessional Loan funds can be spent on the following categories of expenses:

- the cost of undertaking Eligible Works (see Section 8. Eligible Works that can be funded under the Concessional Loan) including all materials and labour, project management costs and any other professional services required to complete the works
- Investigation and Tender costs, if needed (up to \$100,000)
- administration costs (up to \$10,000) to assist the Owners Corporation to administer the loan
- the fees associated with regulatory approvals, and
- an additional 10% above the total loan amount will be allowed for variations to eligible works

9.2 Administration costs

An amount of up to \$10,000 may be accessed for the costs of administering the loan. These costs may include:

- increased strata management costs as a result of a Strata Manager applying for or administering the loan
- costs of additional meetings to discuss the loan
- costs of an accountant or book-keeper
- costs of a lawyer reviewing loan contracts, and/or
- costs of record-keeping or financial software to assist the Owners Corporation manage the loan.

Please note all invoices from third parties must detail the exact work done and the amount taken. All work must be specific to the administration of the loan, for example, lawyers fees incurred on reviewing contracts must specify the contracts reviewed and the time taken. Administrative fees cannot be spent on issues not related to the administration of the loan, such as legal advice on disputes between members, resolving defects, reviewing existing plans.



9. Expenses explained (continued)

9.3 Expenses not covered by the Concessional Loan

The ACT Government has the discretion to fund works in the External Wall which are not directly related to cladding remediation, where the works may not be otherwise certified. However, the circumstances in which the ACT Government will exercise this discretion is limited and will generally relate to issues of combustibility (eg lack of proper fire barriers etc).

However, there are certain types of works that cannot be funded under the Concessional Loan in any circumstances. These include, but are not limited to:

9.3.1 Pre-existing Conditions which are not in or on the External Wall, such as:

- a. structural issues
- b. roofing material, or
- c. flooring issues.

9.3.2 The following Pre-existing Conditions which are in or on the External Wall, such as:

- a. any works involved in the building structure
- b. windows that need to be fixed, including the replacement of glass
- c. mould, where in the opinion of the ACT Government this is extensive
- d. rotting timber, where in the opinion of the ACT Government this is extensive, and
- e. any pre-existing defect or non-compliance.

9.3.3 Additional works not related to the cladding, such as general re-paint of the building, new carpets or other improvements. The Owners Corporation will need to demonstrate that it has additional funds or credit available equal to 10% of the entire loan amount, so as to be able to fund any works required for these Pre-existing Conditions.

9.3.4 Cost of an already completed tender process. Owners Corporations who have already undertaken the tender process and paid for these works will not be able to use the Concessional Loan to pay for these costs, unless they form part of a Commercial Loan.



10. How much is the available loan amount?

10.1 Owners Corporations that have undertaken the Investigation and Tender Process

For those Owners Corporations that have undertaken an Investigation and Tender process the loan amount will consist of the following components:

- the costs of the Eligible Works
- up to \$10,000 for administrative costs
- the fees associated with regulatory approvals, and
- 10% for variations to Eligible Works.

10.2 Owners Corporations that have not undertaken the Investigation and Tender Process

Owners Corporations that have not undertaken Investigation and Tender will be offered a Preliminary Loan Amount to undertake this process. The Preliminary Loan Amount will consist of:

- an amount of up to \$100,000 to fund the Investigation and Tender Process, and
- administration costs (up to \$10,000) to assist the Owners Corporation to administer the loan.

Once the Investigation and Tender Process has been completed, the Owners Corporation will be assessed for the final amount, which will include:

- the costs of the Eligible Works
- the fees associated with regulatory approvals
- 10% of all costs as an allowance to cover eligible variations, and
- the balance of any administration costs which they have not already spent (up to \$10,000 is allowed).



11. Application assessment - eligibility

Once submitted, an application will be assessed to ensure:

- the building is eligible (as per section 6)
- the application has been made by an appropriate representative (as per section 7.1 Who can make an application), and
- the relevant documentation has been submitted (as per section 7.2 Documentation required).

A decision on eligibility will be made by Major Projects Canberra within 10 business days after it has received all the information needed to make an assessment. If an Owners Corporation has been assessed as eligible to apply for a loan, the Owners Corporation will be sent an email advising them:

- that they have been found to be eligible to apply for a Concessional Loan
- that their contact details will be forwarded to the Loan Administrator who will contact them regarding the financial assessment, and
- the loan amount and specifying whether it is a Preliminary Loan Amount or Final Loan Amount.

The email will also contain:

- a Participation Deed
- an Authority to Provide details to the Loan Administrator, Lannock Strata Finance, and
- where relevant a link to the Supplier Account Form (only if the Owners Corporation is transferring from a commercial loan).

All Owners Corporations wishing to access a Concessional Loan will need to sign and return these documents to the ACT Government before they are referred to the Loan Administrator.

It is particularly important that Owners Corporations understand their obligations under the Participation Deed, which sets out the terms and conditions of their participation in the Concessional Loan, including requirements in relation to the remediation of their cladding.



12. Application assessment - financial

Within five business days of receiving a referral from the ACT Government the Loan Administrator will contact the Owners Corporation directly regarding the loan. The Loan Administrator will advise the Owners Corporation of the documents needed and will provide templates for resolutions which need to be passed. Once the relevant records have been submitted the Loan Administrator will:

- undertake financial and credit checks to assess whether the Owners Corporation will be able to meet loan obligations, and
- check to see that the Owners Corporation can secure a mandatory second source of funds (10% of the P80 Estimate) for Pre-existing Conditions that are not in the External Wall (see section 9.3.1). Where they cannot, the Loan Administrator may be able to provide an additional Loan (at commercial rates) to cover this amount.

A decision on the loan application will be made within five business days after the receipt of all information. If the Owners Corporation wishes to continue with the loan, it must enter into a loan contract agreement with the Loan Administrator.

If the loan is not approved, the Loan Administrator will advise of their reasoning. The decision of the Loan Administrator is final and there will be no opportunity to appeal this decision.



13. Transferring from a Commercial Loan

If Owners Corporations already have a Commercial Loan in place to remediate combustible cladding (i.e. a loan not secured through this Scheme), eligible Owners Corporations can apply to transfer the balance of their Commercial Loan to a Concessional Loan.

Owners Corporations with a Commercial Loan may transfer the full amount outstanding which was utilised for cladding remediation works.

In order to be eligible for a transfer from a commercial loan to the Concessional Loan:

- a. the remediation works must have been completed in accordance with a building approval as evidenced by a Certificate of Occupancy, and
- b. the applying Owners Corporation must have taken out a loan with a commercial loan provider with at least 80 per cent of the borrowings consisting of amounts borrowed:
 - for works to remediate combustible cladding
 - for works to make-good any damage caused by the remediation of combustible cladding
 - to undertake works in the External Wall necessary for certification
 - any amount borrowed for variations to the above works.

13.1 Transitional assistance

In recognition of the fact that Owners Corporations have been proactive in remediating their cladding, and to ensure these Owners Corporations are not worse off, the ACT Government will offer transitional assistance in the form of a one-off grant.

The grant will pay an amount of up to 4.25% of interest difference, calculated for the Grant Calculation Period. The Grant Calculation Period commences on 21 July 2021 OR the date the Commercial Loan was taken out if later than July 2021. The period finishes on 29 August 2022.

The transitional assistance grant equals the amount of money in interest paid during the Grant Calculation Period minus the Amount of money that would have been paid at the Concessional Loan interest rate (up to 4.25%) during the Grant Calculation Period.

Owners Corporations transferring from a Commercial Loan will be automatically eligible for transitional assistance and do not need to request access to this payment. To assess the transitional assistance amount Owners Corporations will be asked to provide details such as the date of loan commencement and evidence of interest paid to date.

These funds will be deposited into the Owners Corporation's nominated bank account within 28 days of signing the loan contract with the Loan Administrator.



14. How will milestone payments be made?

The Loan Administrator will disburse loan funds into the Owners Corporation's bank account. Owners Corporations may use loan funds to pay service providers directly.

The building contract between the Owners Corporation and the builder must include a milestone schedule for payments. Builders may seek a deposit of up to 5% of the contract amount. Where a deposit has been sought by the Builder and paid by the Owners Corporation, the builder must reduce the invoice amount of the first milestone payment by the deposit amount. Disbursements from the Loan Administrator can only be made when milestones have been achieved - all work must be billed in arrears by the suppliers.

For Owners Corporations who have not undertaken the tender process, the first milestone payment will be for the costs of the Investigation and Tender Process (up to \$100,000). This must be disbursed to the Owners Corporation when the process is complete and the work is invoiced.

For Owners Corporations who have undertaken the tender process, their first milestone payment will be made per their building contract.

The final 10% of the loan amount will not be dispersed until the Certificate of Occupancy is granted. This provides assurance that the builder will complete the work and that the work is able to be certified.

Owners Corporations will have to provide the Cladding Team with a copy of their Certificate of Occupancy to receive the final milestone payment.

15. When are loan repayments due?

During remediation, the Owners Corporation will pay only the interest owing on the Concessional Loan. Once the remediation is completed, the Owners Corporations will have 10 years to repay their loan, during which time both the principal and interest must be repaid.



16. How are interest rates determined?

Each Concessional Loan will be at a fixed rate for the entirety of the loan repayment period, determined according to the day an application form is submitted to Major Projects Canberra.

Interest rates on Concessional Loans will be determined by the cost of Government borrowing, which, like any loan, is subject to change if the cash rate changes.

The Concessional Loan interest rate will be reviewed regularly, but any rate changes will only affect new applicants to the scheme.

The interest rate on the Concessional Loan will be reviewed at least annually if there has been an increase or decrease of at least 25 basis points (0.25) in the cash rate.

17. Hardship Policy

Individual unit owner occupiers are able to apply for hardship support from the ACT Revenue Office, if they are facing financial difficulty and are unable to pay levies imposed by the Owners Corporation to pay the Concessional Loan. If successful the levies owed by the unit owner may be deferred until:

- the unit owner ceases to be in hardship
- the unit is sold
- the unit ceases to be the unit owner's principal place of residence, or
- the expiry of the Owners Corporation loan.

Unit owners receiving hardship support will need to notify their Owners Corporations that they are receiving this support and also when this support has ended. Owners Corporations should not take any action to obtain unpaid levies from the unit owner receiving hardship support during the hardship period.

Details on the Hardship Policy may be found at: www.revenue.act.gov.au

Questions on the Hardship Policy should be raised with the ACT Revenue Office.

18. Loan Administrator

Owners Corporations who are eligible for a loan will be contacted by Lannock Strata Finance Pty Ltd 2 (known as [Lannock Strata Finance](#)), who will explain the financial assessment process and the documents needed. All questions in relation to the financial aspects of the loan, including repayment dates, repayment amounts, should be directed to Lannock Strata Finance.

Please note loans will be provided in the name of Lannock Capital 2 Pty Ltd (Lannock Capital), a company which is in the Lannock group of companies.

19. Further information

For enquiries relating to the ACT Cladding Program, including the Register of Suppliers and the Concessional Loan, please contact Major Projects Canberra (MPC) at claddingprogram@act.gov.au or by phone on **6205 3303**.

You can also submit an enquiry using [this form](#).

20. Glossary

Term	Definition	Source of Definition
A Complete Application	<p>For those who have undertaken a testing and assessment report, a complete application is:</p> <ul style="list-style-type: none"> • an application form with all relevant questions completed • a Comprehensive Testing and Assessment Report attached, and • a Scope of Works attached, where one exists • an accepted quote from a builder and building contract if available • a building approval for the remediation works, if it has been issued. <p>For those who have an existing Commercial Loan and wish to transfer to the Concessional Loan, a Complete Application is:</p> <ul style="list-style-type: none"> • an application form with all relevant questions completed, • a statement from the bank from 21 July 2021 until the date of the application which includes interest rates and the amount of interest paid • the Scope of Works submitted for the tender process • the Accepted Quote from the builder used by the Owners Corporation to remediate the cladding • the building contract • the Certificate of Occupancy 	
Accepted Quote	A quotation from a builder to undertake the Eligible Works that was provided as part of a tender process in which the builder's tender was accepted as the approved tender by the Owners Corporation.	
Building Approval	<p>Building Approval (also known as a BA) will be required as you are building, altering, adding to, or demolishing a building.</p> <p>The purpose of a Building Approval is to check your proposed building work:</p> <ul style="list-style-type: none"> • complies with building laws, including the building code • will be safe and structurally sound • will provide the required levels of fire resistance 	Build, Buy, Renovate. Planning ACT

Term	Definition	Source of Definition
Building Industry Service Provider	<p>A person who has the qualifications, experience, licences and insurances relevant to cladding work in the ACT.</p> <p>Note: Owners Corporations applying for a concessional loan are required to use project managers, builders, architects, façade engineers, structural engineers and building surveyors who are on the Register of Suppliers or eligible to join the Register</p>	
Certificate of Occupancy	A Certificate provided by the Territory once the building works and any associated electrical, gas fitting and plumbing work have been certified as complete and compliant.	Section 69 of the Building Act 2004
The Cladding Team	The team responsible for the administration of the Private Buildings Cladding Scheme, located in Major Projects Canberra directorate.	
Cladding Remediation Site	An affected building which is or will undergo cladding remediation works and these remediation works are funded by the Concessional Loan.	
Class 1a Buildings	A single dwelling being a detached house; or one of a group of attached dwellings being a town house, row house or the like.	National Construction Code
Class 2a Buildings	Class 2 Buildings are apartment buildings. They are typically multi-unit residential buildings where people live above and below each other. Class 2 Buildings may also be single Storey attached dwellings, where there is a common space below.	National Construction Code
Cluster of Buildings	<p>A Cluster of Buildings is defined as a grouping of residential dwellings with shared walls which provide for the potential for fire spread between buildings should a fire event occur.</p> <p>The residential complex must have an Owners Corporation.</p> <p>A Cluster of Buildings must consist of:</p> <ul style="list-style-type: none"> • Class 1a multi Storey residential buildings, such as townhouses or semi-detached terraces of three Storeys or higher, • Where there are at least five (5) separate residential dwellings joined together by shared walls between buildings. <p>Owners Corporations of buildings which fall into the definition of a Cluster of Buildings will need to provide evidence of the Class of building as defined under the Unit Titles Act 2001.</p>	

Term	Definition	Source of Definition
Commercial Loan	A loan taken out by an Owners Corporation with a private financial institution to fund cladding remediation works.	
Comprehensive Testing and Assessment Report	<p>A Comprehensive Testing and Assessment Report is prepared by a building services professional and:</p> <ul style="list-style-type: none"> • confirms whether the cladding is combustible cladding • details the level of fire safety risk to residents as a result of the cladding, its placement on the building and the fire safety measures taken on the building • details the scope of remediation works to reduce the fire safety risk • includes a comprehensive and detailed Cost Estimate of these remediation works to a P80 level and • details any interim fire safety measures that should be implemented while the remediation works are being undertaken. 	
Cost Estimate	<p>A Cost Estimate detailing the likely costs of any remediation work suggested by a professional services provider in relation to the cladding on the affected building.</p> <p>The Detailed Cost Estimate should include all costs of Building Approvals, costs of insulation and sarking (if required), contingency costs (up to 30%) and any professional fees (eg architect, certifier). It needs to be of P80 certainty - that is it should include sufficient contingency to provide 80 per cent likelihood that this cost would not be exceeded.</p>	
Eligible Works	<p>Eligible Works include:</p> <ul style="list-style-type: none"> • works necessary to remediate the cladding of an Eligible Building, including removing the cladding, and replacing it with non-combustible material which is compliant with the National Construction Code, • works which are incidental to and only required because of the cladding remediation (for example; retiling, repainting and fixing garden beds), and • works in or on the External Wall which are necessary for certification. 	

Term	Definition	Source of Definition
External Wall	<p>A building element is considered to be part of an External Wall if it is integral to the construction of the wall. For example, the following elements are considered to be part of an External Wall:</p> <ul style="list-style-type: none"> • facade covering (e.g. render and external cladding) • framing • insulation • sarking • Spandrels, and • internal lining (e.g. plasterboard) of an External Wall, and <p>Replacement of windows in the External Wall are excluded from the Eligible Works.</p>	
Final Loan Contract	<p>The contract between Lannock Strata Finance and the Owners Corporation to undertake all the Eligible Works.</p>	
Investigation and Tender Process	<p>In this process, the Eligible Works are designed and builders are asked to tender for these works. Owners Corporations that have not undertaken this process will be funded for the costs of this process. Such owners will be required to:</p> <ul style="list-style-type: none"> • determine the exact nature of works needed to remediate the cladding • undertake an investigation into the External Wall, and • tender for a builder to undertake the Eligible Works. <p>(see Concessional Loan Remediation Guidelines link for more.)</p>	
Loan Administrator	<p>An organisation that originates the loans, makes the milestone payments to the Owners Corporations and receives repayments from the Owners Corporations. The Loan Administrator is Lannock Strata Finance.</p>	
Major Projects Canberra (MPC)	<p>Major Projects Canberra is a directorate of the ACT Government and was established on 1 July 2019 to lead the procurement and delivery of the ACT'S infrastructure program.</p>	
National Construction Code	<p>The National Construction Code is Australia's primary set of technical design and construction provisions for buildings.</p> <p>As a performance-based code, it sets the minimum required level for the safety, health, amenity, accessibility and sustainability of certain buildings. The Australian Building Codes Board, on behalf of the Australian Government and each State and Territory government, produces and maintains the National Construction Code.</p>	<p>Australian Building Codes Board</p>

Term	Definition	Source of Definition
Ordinary Resolution of the Owners Corporation	<p>A decision made at a meeting of the Owners Corporation for an eligible building in which a simple majority of the members agree to a course of action.</p> <p>For decisions made by a general meeting to be valid, there must be present, in person or by proxy, not less than half of the people entitled to vote on the matter(s) before the meeting.</p>	
Owners Corporation	<p>Owners Corporations are established under section 8 of the Unit Titles (Management) Act 2011. Collectively the Owners Corporation is responsible for carrying out tasks required under relevant laws including the maintenance of common property, infrastructure, and shared amenities.</p>	
Participant Deed	<p>Participant Deed - a contract between the ACT Government and participating Owners Corporation, which sets out the responsibilities of the Owners Corporation, including in relation to recycling, using only services providers on or eligible to join the Register of Suppliers and seeking approval for Variations over the 10% amount allocated.</p>	
P80 Cost Estimate	<p>P80 refers to a confidence level regarding the probability of the cost not being exceeded. A P80 Cost Estimate will not be exceeded 80% of the time.</p>	<p>Commonwealth Department of Finance</p>
Pre-existing Conditions	<p>Pre-existing building material and/or structural conditions, which may include defects. Often these conditions cannot be identified without the removal of all the cladding material or during detailed site observations/investigations.</p>	
Preliminary Loan Amount	<p>The Preliminary Loan Amount is only available to Owners Corporations who have not undertaken a tender process. The Preliminary Loan Amount consists of:</p> <ul style="list-style-type: none"> • an amount of up to \$100,000 to fund the Investigation and Tender Process, and • if sought by the Owners Corporation, an amount of up to \$10,000 for loan administration costs, including the cost of additional strata management fees as a result of a Strata Manager applying for and administering the loan 	
Program Assurance Officer	<p>A person who provides advice to the ACT Government as to whether remediation work is being undertaken in accordance with the Concessional Loan's Guidelines – see Section 12 the Concessional Loan Remediation Guidelines for more information.</p>	

Term	Definition	Source of Definition
Rise in Storeys	<p>The Rise in Storeys is the sum of the greatest number of Storeys at any part of the External Walls of the building and any Storeys within the roof space -</p> <ul style="list-style-type: none"> • above the finished ground next to that part; or • if part of the External Wall is on the boundary of the allotment, above the natural ground level at the relevant part of the boundary. <p>A Storey is not counted if -</p> <ul style="list-style-type: none"> • it is situated at the top of the building and contains only heating, ventilating or lift equipment, water tanks, or similar service units or equipment; or • it is situated partly below the finished ground and the underside of the ceiling is not more than 1 m above the average finished level of the ground at the External Wall, or if the External Wall is more than 12 m long, the average for the 12 m part where the ground is lowest. 	National Construction Code
Scope of Works	<p>The Scope of Works is a detailed schedule of all the works which needs to be undertaken to complete:</p> <ul style="list-style-type: none"> • the remediation of the combustible cladding, and • Incidental make-good works (such as temporary removal of balcony lights/power points, re-tiling balcony edges, fixing damaged landscaping below balconies etc.) <p>The Scope of Works will be included in the construction contract. The Scope of Works should include:</p> <ul style="list-style-type: none"> • all works in the External Wall that are required for certification (excluding replacement of windows), as these are covered by the Concessional Loan <p>The Scope of Works funded under the Concessional Loan must not contain any pre-existing works not in the External Wall or additional works not related or incidental to the remediation.</p> <p>The Scope of Works provided to the Cladding Team must not contain any pre-existing works not in the External Wall or additional works not related or incidental to the remediation.</p>	

Term	Definition	Source of Definition
Special Resolution	Where 75% of the owners agree to an action. Buildings which are categorised as Class B Buildings under the Unit Titles Management Act 2011 need to pass a Special Resolution.	
Storey	<p>Storey means a space within a building which is situated between one floor level and the floor level next above, or if there is no floor above, the ceiling or roof above, but not—</p> <p>a. a space that contains only—</p> <ul style="list-style-type: none"> • a lift shaft, stairway or meter room; or • a bathroom, shower room, laundry, water closet, or other sanitary compartment; or • accommodation intended for not more than 3 vehicles; or • a combination of the above; or <p>b. a mezzanine.</p>	National Construction Code
Strata Manager	Strata Managers are individual employees of a Strata Managing Agency. The Agency is engaged by the Owners Corporation to manage the day-to-day affairs of the Units Plan under direction of the Executive Committee and Owners Corporation.	
Total Repayment Amount	After the remediation is completed and all drawdowns made, the Loan Provider will calculate the amount of credit utilised in undertaking the Eligible Works and determine the Total Repayment Amount – which is the amount that will have to be paid off by the Owners Corporation.	