




Submission on

Inquiry into the proposed Appropriation (Loose-fill
Asbestos Insulation Eradication) Bill 2014-2015

to the Standing Committee on Public Accounts

McDonald

 A.C.T. LEGISLATIVE ASSEMBLY COMMITTEE OFFICE	
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The proposed scheme means well in its desire to rid the ACT of this major problem and to attempt to address the financial burden being placed on those affected by this contamination. However, as it stands the proposed scheme is unfair in its application, and is inadequate in its compensation.

As the owners of a 'Mr Fluffy' house we are being forced to bear a large cost - emotionally, physically and financially. We don't think any home owners are trying to profit from this situation, but the Government's proposal as it stands is going to place a large burden on people, especially those owners who would prefer to stay and rebuild.

The Government is taking every step possible to ameliorate their costs but are doing so at the expense of the 'Mr Fluffy' home owners. This is due to the ACT Government's inability to negotiate a proper compensation package with the Federal Government. The ACT Government has a choice of spending options in current and future budgets, and has chosen to restrict what it is offering in compensation.

The issues that we have with the proposed 'voluntary' buy back program are:

Fairness and Equity

The proposed program is not being applied to everyone equally. Those that demolished prior to the announcement date will be given the value of their house with the bonus of being able to stay on their land without rezoning, sub-division, or having to buy back their land at an artificially inflated price. Those of us who have waited are not being offered this option. If it is good enough for some then the same should be offered to all.

The Voluntary Program that isn't

The proposed program is being presented by the Government as voluntary but there really isn't any real choice. We have been threatened with involuntary acquisition and loss of access to financial assistance if we choose not to volunteer by the mid-2015 cut-off date. It is a voluntary program in name only and there are substantial penalties for not volunteering.

Financial burden of buying another house

The Chief Minister stated to the Assembly that the proposed scheme 'will allow repurchase of an **equivalent**, Mr Fluffy-free home'. This is only true if:

1. the average valuation of our homes is a true reflection of the value of the home, including improvements that people have made
2. the valuers are able to make a fair and accurate valuation taking into account any improvements that people have made including those that may not be reflected in the real estate market
3. there exists a sufficient supply of equivalent Mr Fluffy-free homes to meet the demand of the people affected by this scheme who want to purchase another home over and above the normal demand for housing in the ACT
4. the influx of new buyers into the real estate market will not change the market and artificially inflate prices relative to 28 October 2014
5. the real estate market is static and does not change with time, even assuming that points 3 and 4 are valid

If any of these factors are not true, then the actual cost to a person electing to be part of this program is likely to be greater than the compensation being offered. Also, any increase in the cost of buying an 'equivalent' house will hit home buyers twice - once for the extra money needed just to stay at the same level and then the stamp duty on the difference if the real cost of an 'equivalent' home goes up in the intervening period.

The Government is responsible for creating this mess, and there are many aspects of their proposed program that are contributing to the problems. The Government should be taking all steps possible to ensure the people affected are being treated fairly, and equally, and are being provided with just and reasonable compensation.

Financial burden of wanting to keep your land and rebuild

The proposed program ensures that the cost of wanting to rebuild on the land we currently own is being placed way beyond the reach of most people due to a number of factors:

1. the artificially increased cost of repurchasing land through rezoning. The Government is increasing the price of something without producing anything and we are expected to pay.
2. the increase in the cost of the land through inflation, even without rezoning. We are being offered compensation for the land at 28 October 2014 prices, but are then expected to re-purchase the land at inflated prices sometime in the future, possibly up until 2020 or beyond.
3. the cost of renting during the intervening period, which could be for 5 years or even longer, and somehow maintain the real value of the money received in compensation based on the 28 October 2014 valuation.

4. if you would rather buy another property in the interim to try and maintain the capital value then you will have to either pay stamp duty on that property, or on your land when you repurchase it. The Government is seeking to maximise its take at every step of this process.
5. The additional costs of having to pay twice for all the associated costs of moving, selling, and repurchasing are not being compensated.

The Government doesn't have to acquire the land to remediate it. They choose to and the result is that those who would like to stay and rebuild are being rorted. We think that a lot of people would be prepared to meet the cost difference in rebuilding but not when all the other artificially created costs are added on top. The Government is the one profiting out of our misery.

Other Aspects that are not being addressed by the proposed program

The disregard for our relationships with neighbours, and the local community, often built up over decades.

The lack of any certainty in the timing of the release of the acquired land makes it impossible to plan.

The lack of information on whether a block will be rezoned and sub-divided makes it impossible to plan.

The details of the proposed subdivision of any block over 700 m² (in our case our block is 750 m² so would be included) has not been articulated by the Government.

The program sets out many details of what imposts will be applied to people affected under this program if they fail to meet any of its requirements, but the same detail is not being provided by the Government on many major aspects that affect how people plan to proceed.

The lack of detail on if and how the Government is going to consult with neighbouring properties about the proposed rezoning and sub-division. Will neighbours have a chance to object to the changes in the make-up of their street or will the Government force these changes through without any consultation or mechanism for review.

The rules and regulations for people to follow if they wish to stay in their home for the medium term are again a 'one size fits all' and appear to be extremely onerous with the intent of forcing people to leave as soon as possible. It is apparently acceptable to remain in these houses until at least the middle of 2015, but beyond that it is not acceptable to remain without implementing the extremely onerous and restrictive requirements that will effectively make the houses unlivable. There is no flexibility in regard to the level of contamination.

Other issues

Lack of consultation and information sharing from the Task Force.

Empty promises from the Government about compensation and fairness.

The Government and Task Force have not released any documents or summaries on discussions held with interested parties. The only way we are finding out what is going on is through Facebook and The Canberra Times.

The Chief Minister said that the Government will soon be able to announce public meetings where questions can be asked and answered, but these have not been announced.

The scheme has assumed a one size fits all mentality.

The Government seems to have assumed that the Fluffy Owners and Residents Action Group (FORAG) is a representative spokes person for all, but it certainly isn't for us and for many other Mr Fluffy home owners.