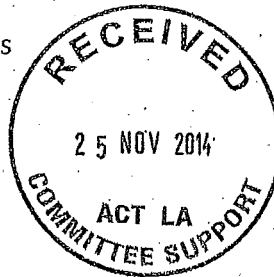


Mr Brendan Smyth
Chair
Standing Committee on Public Accounts
Legislative Assembly for the ACT
GPO Box 1020
CANBERRA ACT 2601.



A.C.T. LEGISLATIVE ASSEMBLY COMMITTEE OFFICE	
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Dear Mr Smyth

Submission to the Inquiry into proposed Appropriation (Loose-fill Asbestos Insulation Eradication) Bill 2014-15

We are writing in respect of the Standing Committee on Public Accounts' inquiry into the ACT Government's proposed Appropriation (Loose-fill Asbestos Insulation Eradication) Bill 2014-15. As the owners of a 'Mr Fluffy' house, we want to express our views to the Committee on the ACT Government's response to the loose-fill asbestos crisis.

We note that the Committee's inquiry focuses on the Appropriation Bill and its Explanatory Statement. The Bill seeks an appropriation of approximately \$762m to provide for the implementation of the ACT Government's *Loose-Fill Asbestos Insulation Eradication Scheme* (the Scheme).

It should be acknowledged that the ACT Government's response to this issue has been driven by a clear commitment to the eradication of the associated ongoing public safety risks to the ACT community. In our view, the lack of a financial investment by the Federal Government to the long-term remediation of affected blocks is deeply cynical, especially given the shared responsibility for the failed remediation program that occurred in the early 1990s.

However, although we support the moves by the ACT Government to finally resolve this matter, and we recognise the substantial costs to the Territory budget, we are concerned that the Scheme acts to further disadvantage affected individuals. In particular, we consider that it:

- places a significantly higher priority on defraying costs than providing flexibility to affected households;
- lacks certainty in both schedule and cost for individuals who wish to re-acquire their remediated blocks, making that "option" unworkable;
- capitalises on the resale value of remediated land in a manner which further penalises individuals who wish to re-acquire their blocks by pricing blocks at "market rates" at the time of resale, within an undisclosed timeframe;
- will result in a substantial bubble in the real estate and rental markets, meaning affected individuals will be buying into a heightened market constrained by pre-boom "market values".

We recognise that there is no perfect answer. However, in our view the Scheme's approach disadvantages those individuals who would prefer to retain their addresses and rebuild on their streets. This is particularly sad for members of the community who have already experienced substantial stress and pressure and will now suffer further long-term dislocation by being coerced into moving.

It is also disappointing that the ACT Government isn't seek to defray costs by auctioning only those remediated blocks associated with owners who wish to move on. There is no question that many affected individuals will not be able to afford to purchase blocks in their existing neighbourhoods under this scheme, because in many suburbs the demand for housing stock will greatly outstrip supply.

We believe that a more equitable model would involve the option for affected homeowners to nominate, at the point of property surrender, to re-acquire their existing blocks at the unimproved land value (UIV) as at 28 October 2014. That should be accompanied by a clear commitment on the timeframe in which the remediated land would be made available to them. We are disappointed that the ACT Government has been happy to charge rates of affected households at the UIV, but considers that offering them back as cleared land at "market rates" is equitable.

In summary, we recommend that:

1. the Committee support the passage of the Bill as soon as possible to ensure that the relevant ACT Government entities can implement an eradication scheme as soon as practicable;
2. the Committee should concurrently urge the Government to increase flexibility in the administration of the program, to provide greater choice to affected households;
3. the Committee should urge the Government to publish, as soon as practicable, a schedule of demolition activity to allow affected households to make informed choices about whether they will seek to re-acquire their blocks;
4. the Committee should urge the Government to cap the price of remediated land offered to affected households at 75 per cent of the total value of the "surrender sum" paid to the affected homeowner under the Scheme.

We would be happy to appear before the Committee to discuss any of the matters raised above.

Regards

Hallinan and Hughes
25 November 2014