



LEGISLATIVE ASSEMBLY
FOR THE AUSTRALIAN CAPITAL TERRITORY

SELECT COMMITTEE ON ESTIMATES 2015-16

MR BRENDAN SMYTH MLA (CHAIR), MS MEEGAN FITZHARRIS MLA (DEPUTY CHAIR), DR CHRIS BOURKE MLA, MS NICOLE LAWDER MLA

COMMUNITY AND INDUSTRY REPRESENTATIVE GROUPS SURVEY

**SURVEY OF COMMUNITY AND INDUSTRY GROUPS ON THE
ACT BUDGET 2015-16
PRESENTED BY THE ACT GOVERNMENT ON 2 JUNE 2015**

If you wish to respond to this survey, please return it to committees@parliament.act.gov.au by **12.00pm Friday 5 June 2015**. If there is insufficient room for any of your comments, below, please append additional comments.

1. Full name of group/organisation:

Mr Fluffy Community

2. Name of contact person/s for this survey and their telephone number and email address:

1. Christina Pilkington,
Member of FORAG and of Mr Fluffy Full disclosure
Christina.pilkington@gmail.com
0415217300

2. Christine Miller
Coordinator, Costings Sub-Group of the Mr Fluffy Full
Disclosure Group representing more than 300
members of the ACT Fluffy community.
b4crisis@grapevine.net.au
0416 113 250

3. Has your organisation/group developed a written analysis of the ACT Budget that it would like to submit to the Committee?

Yes (If yes, please email it to the Committee Secretariat with your completed survey and analysis.)

No

4. Please list, in order of priority, your three key priority areas regarding the ACT Budget 2015-2016 (you can expand on these in Question 5):

- a. The accurate reporting of costs and likely revenue associated with the Asbestos Eradication Scheme, especially the Buy Back Program
- b. The impact on the broader ACT community, not only economically, but also the social and urban planning impact from managing the Mr Fluffy crisis

- c. The potential for mismanagement and mis-reporting of the ACT Budget based on the impact of the Mr Fluffy crisis.

5. Please detail your views on the ACT Budget in relation to your three priority areas?

a. The accurate reporting of costs and likely revenue associated with the Asbestos Eradication Scheme, especially the Buy Back Program

- The sheer cost of the Asbestos Eradication Scheme is regularly touted as justifying the discompassionate treatment of home owners. As such, it is vital that the true cost of the scheme be correctly reported.
- The Asbestos Eradication Scheme (see Appendix B – Budget Paper 3) notes that the cash impact has increased, from \$363 million to \$370 million. No details on the increase are provided. However – it is understood that the original costing provided \$14 million dollars in selling expenses. On 28 May 2015 at a community forum, Mr Andrew Kefford, Head, ACT Government Asbestos Response Taskforce (“Taskforce”) that the land would be released by the Land Development Agency (LDA) and commissions would not be paid. This represents a significant saving, which was not mentioned in the budget papers.
- It was made clear last year that the \$180,000 cost attributed to the expense of demolishing each fluffy house was only an estimate. As the contractors have been engaged to demolish the first 50 houses, and the procedures for the Belconnen tip are now agreed, the Taskforce should be in a position to provide an updated figure on the demolition costs with tip fees included. Members of the fluffy community have quotes for between \$60,000 to \$80,000 for a private Worksafe ACT approved demolition. The Government needs to be more open and transparent about its demolition costs to demonstrate value for money.

b. The impact on the broader ACT community, not only economically, but also the social and urban planning impact from managing the Mr Fluffy crisis

- The Taskforce continues to maintain that it is not viable to prioritise the demolition of properties where owners are seeking to buy back their land, claiming that it is “inefficient to move the trucks and equipment”. On 3 June 2015, Dr. Rob Gordon, an expert in mental health and disaster recovery, spoke to Mr Fluffy home owners on the impacts and managing disruption for fluffy families. He detailed the impact of several years displacement on families, especially on young children, where the kids were poorly prepared for school and potentially regressed due to the lack of stability and security in their lives. It is concerning that the Taskforce focuses so strongly on the economics of moving equipment, and seems to ignore the social impact of drawing out the process and insisting that those who wish to return wait up to three years for the land on which their former home was built is released and available for them to return to their communities.
- Once the list of affected properties is released, many Canberrans will discover that they live near, or formerly lived in a property contaminated with loose fill asbestos. The Taskforce’s Budget and plans appear focused on demolitions and remediation, rather than helping impacted members of the ACT community deal with the stress and anxiety of changing suburbs and exposure to a class one carcinogen.

c. *The potential for mismanagement and mis-reporting of the ACT Budget and the impact of the Mr Fluffy crisis*

- The expense section of the budget mentions Mr Fluffy in almost every paragraph. Without a clear and separate costing of the full impact of the Mr Fluffy measure, it is difficult to see clearly what the impacts are on the ACT Budget. To demonstrate:

The waters are muddied – for example part of the interest expense section of Budget Paper 3 reads “The expected decrease of \$9.8 million...is mainly due to lower interest repayments...and lower levels of market borrowings”. We believe that one of the reasons for the lower levels of market borrowing was the cash injection of \$1 billion from the Federal Government. Conversely another section on the interest in Budget Paper 3 reads: “The increase of \$12.4 million in the 2014-15 estimated outcome from the original budget is mainly due to higher levels of investment balances held during the year and a higher actual investment return than estimated”. Again this revenue may attributed to the Mr Fluffy loan, but there is no mention made when this could be a positive impact on the Budget.

As the interest expense over the life of the loan is offset by the interest earned/saved while the funds are in the Government’s bank account or utilised in other projects – it is inappropriate to attribute so much of the interest expense to the Mr Fluffy scheme without mentioning the offsetting (though not outweighing) benefits.

| Borrowings | Net in-flow outflow | Bank balance | Interest paid | Interest earned? | Interest earned? |
|---|--------------------------------|---------------------|--------------------------|-----------------------------|-----------------------------|
| | | | 2.61%¹ | 3%? | 3.5%? |
| 1,000.000 M | -676.462 M | 323.538 M | 8.700 M | 3.235 M | 3.775 M |
| 1,000.000 M | -2.409 M | 321.129 M | 26.100 M | 9.634 M | 11.240 M |
| 1,000.000 M | 38.255 M | 359.384 M | 26.100 M | 10.782 M | 12.578 M |
| 1,000.000 M | 90.976 M | 450.360 M | 26.100 M | 13.511 M | 15.763 M |
| 1,000.000 M | 91.832 M | 542.192 M | 26.100 M | 16.266 M | 18.977 M |
| 1,000.000 M | 48.823 M | 591.015 M | 26.100 M | 17.730 M | 20.686 M |
| 1,000.000 M | 51.713 M | 642.728 M | 26.100 M | 19.282 M | 22.495 M |
| 1,000.000 M | 0 M | 642.728 M | 26.100 M | 19.282 M | 22.495 M |
| 1,000.000 M | 0 M | 642.728 M | 26.100 M | 19.282 M | 22.495 M |
| 1,000.000 M | 0 M | 642.728 M | 26.100 M | 19.282 M | 22.495 M |
| 1,000.000 M | 0 M | 642.728 M | 17.400 M | 19.282 M | 14.997 M |
| Totals | | | 261.000 M | 167.567 M | 187.996 M |
| True interest impact is between: | | | | 93.433 M | 73.004 M |

For the 2015-16 year the Mr Fluffy interest expense will be 26.1 million, which makes up a significant portion of the \$45 million projected expense, but it must be remembered that this will be somewhat offset by the benefits accruing to the government of the 321 million which is undeployed in the Mr Fluffy scheme and can be used to earn interest of between 9 and 11 million. Depending on the interest rate earned, the final interest impact over 10 years is likely to be between \$93 and \$73 million.

¹ Based on advice received from ACT Treasury to satisfy an FOI request

6. Are there any other particular issues with the ACT Budget that you would like to bring to the Committee's attention?

Yes No

If yes, please comment/attach further details:

a. The accurate reporting of costs and likely revenue associated with the Asbestos Eradication Scheme, especially the Buy Back Program

1. What is the reason for the \$7 million increase in the cost of the scheme?
2. Has the reduction in selling costs been taken into account?
3. What are the 'true costs' of safe demolition being paid to the contractors?
4. What are the 'true costs' of safely disposing of the waste at the tip?

b. The impact on the broader ACT community, not only economically, but also socially and planning impact from managing the Mr Fluffy crisis

1. Has the Taskforce costed the impact of moving the equipment 20 minutes away rather than two streets away? We respectfully submit that the equipment will need to be moved where houses are not adjacent in any case, and the increased cost of moving it to allow home owners to return would be a compassionate and justifiable cost.
2. Has the Taskforce considered the need for additional community support when the wider impact of the Mr Fluffy crisis is known and better understood? These impacts will not be restricted to fluffy home owners, but previous residents, their neighbours and communities and the planning implications for these inner suburbs.

c. The potential for mismanagement and mis-reporting of the ACT Budget and the impact of the Mr Fluffy crisis.

1. What interest rate does the Government:
 - i. Earn on unutilised funds
 - ii. Pay for normal borrowings
2. Can the Government provide an updated detailed Mr Fluffy costing?

7. Did you provide a budget submission to the ACT Government?

Yes (go to question 8) No (go to question 9.)

8. Do you think that the ACT Budget has addressed the issues raised in your submission?

Yes No

a. If yes, please comment

9. Does your organisation/group wish to give its views in a Committee public hearing on Friday 12 June 2015, at the Legislative Assembly, London Circuit, Canberra.

Yes No

If you indicate yes, and the Committee decides to invite you to appear at the hearing, the Committee Support Office will contact you by close of business Wednesday 10 June 2015 to confirm arrangements. Please note that the Committee may not be able to hear from all groups/organisations.

Thank you for contributing to the inquiry.
