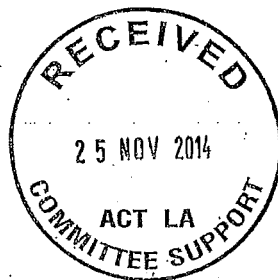


The Secretary,
Standing Committee on Public Accounts,
Legislative Assembly for the ACT,




**Inquiry into proposed Appropriation (Loose-fill Asbestos Insulation Eradication) Bill
2014-15**

Dear members of the Standing Committee

We own a 'Mr Fluffy home'.

We believe the Proposal put forward by the ACT Government is not fair to our family.

	A.C.T. LEGISLATIVE ASSEMBLY COMMITTEE OFFICE
SUBMISSION NUMBER	11
DATE AUTH'D FOR PUBLICATION:	27/11/14

First through no fault of our own we have purchased a house that contains amosite asbestos. When we purchased our home in October 2006 there was nothing in the Contract for Sale that suggested the home was unsafe. On the contrary there was information disclosing that asbestos insulation had been removed and that the house was safe for habitation.

The Compliance Report attached to the contract stated "This residence has had Asbestos insulation removed from the ceiling cavity." (our emphasis). It also included a "Certificate of Completion of Asbestos Removal Work" issued by the ACT Government. I took this to mean that the house was safe for habitation. Importantly from my family's point of view the 2005 letter was not attached to the contract. Unlike the Certificate of Completion its sole purpose was to warn residents of Mr Fluffy homes about the risks of undertaking renovation. Had this letter been attached to the contract for sale it would have prompted us to investigate the matter further.

From reading of the Proposal it seems to have been based on the following principles:

first all of the Mr Fluffy homes must be vacated and demolished because of the health and safety risks; and

second the Act Government, in administering the Proposal, is seeking to defray its costs.

These are reasonable principles. However the Proposal's detail reveals that they will be implemented by taking a 'one size fits all' approach.

However does it really matter what the terms of any settlement are with a particular owner of a home if the two principles are built into such settlement?

Health and Safety

What if our home was relatively free of contamination? What if our home could be safely remediated to a level that would allow us to stay in it for the next few years? In our case the Proposal does not give us the option of living in our home, once remediated. We are told that our home needs to be demolished, despite the Asbestos Assessor's report indicating minimal levels of residual amosite asbestos are present. The point here is not that we are oblivious to

the health and safety risks for our family but rather our house can be safely remediated to a level that will allow us to live safely in it for the next few years. If our home had been assessed as being dangerous to live in and not able to be safely remediated we would have moved the family out straight away.

What does this mean for us? It means that we can continue to stay in the home that we love for a few more years and have time to look for new accommodation without participating in the artificial housing bubble¹ that the Proposal will create. The artificial bubble is created because Mr Fluffy home owners have no effective choice but to participate in the Buyback scheme.² Further they cannot presume that they will be able to get back onto their land.³ What if we were able to have regular assessment reports that monitored the extent of any asbestos in the atmosphere? What if those assessments indicated that the remediation works had negated exposure to asbestos? What then is the health and safety risk for us?

Defraying of Costs

What if other proposals could defray the costs to the ACT Government of dealing with the Mr Fluffy disaster as well as dealing with health and safety issues?

Below is a table of possible alternate proposals:

Resident accepts lesser amount in order to stay on land	If a resident wants to stay on their land and rebuild then the ACT Government could offer a discounted amount	Mr Fluffy house must be demolished in order to access the funds
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¹ The 22 November 2014 edition of the Canberra Times had a front page headline as follows: "Fluffy buyback to lift prices". This was an obvious outcome of the Proposal. You are requiring that all Fluffy homeowners decide by 30 June 2015 whether to sign up to the Buyback or stay in their homes. This means a large number of homeowners entering the market at around the same time looking to purchase from a proportionally smaller amount of housing stock than if all those homeowners were not pushed into the market. The 23 November edition, in its real estate pages discloses how a house in Farrer sold for \$990,000, well above the reserve price. It also states there were a number of Mr Fluffy owners bidding for the property.

² The Proposal states that it is seeking to be fair to Mr Fluffy residents on the one hand and the budgetary impact to the ACT Government on the other. It ostensibly provides for the option of residents not entering in the Buyback and staying in their homes indefinitely. However the reality is that the ACT Government will provide no choice at all. If we were to decide to not participate in the Buyback our home would be subject to a regime of regulatory compliance that would make habiting the home less and less viable. Eventually we would have to leave and would be subject to the market at the time we left. This would mean trying to sell the home with a discounted price because of the asbestos contamination. Further the ACT Government has the power to compulsorily acquire our home and land at any time it wants. We would then be subject to receiving an amount that would be based on 'just terms'. This would mean a lottery for us not knowing what price we would receive.

In other words there is no real choice. Mr Fluffy owners must participate in the Buyback.

³ In the months leading up to the announcement of the Proposal we were lead to believe that we could keep our land. It came as great and disappointing shock to us that that option was not provided in the Proposal. The only prospect provided to us was to wait until the property was demolished and remediated and then be given first right of refusal on it. However this was subject to possible rezoning and to having to pay for it not on the basis of its market value on 28 October 2014 but on market value at the time of sale. Further fixtures that we had built would be destroyed even if they had no connection to the contaminated area. In our case the beautiful pool that we built and the beautiful gardens that we had created would be destroyed.

	that would simply provide funds to replace the residence.	
Resident allowed to stay in house and when ready to leave receives market value at that time	There is no effective difference to the current proposal. The ACT Government pays market value at the time and is then able to deal with the property as it sees fit	In consultation with asbestos assessors and occupational health professionals a framework could be set that provides for certain residences to be determined to be safe enough for this option. This may include yearly assessments for levels of exposure
Resident allowed to stay in house but is paid market value as at 28 October 2014 whilst living in the house	No extra cost to ACT Government but resident is able to invest the amount and then when ready purchase a house with it	In consultation with asbestos assessors and occupational health professionals a framework could be set that provides for certain residences to be determined to be safe enough for this option. This may include yearly assessments for levels of exposure
Resident pays for demolition of property in return for being able to sell property based on property being rezoned	No cost to the ACT Government but regulation changes may be needed	Resident required to demolish within nominated period of time
Resident sells property to ACT Government in exchange for paying peppercorn rent for period until resident decides to leave	Similar to the Proposal other than delay in the opportunity for ACT Government to realise benefit of subdividing land	In consultation with asbestos assessors and occupational health professionals a framework could be set that provides for certain residences to be determined to be safe enough for this option. This may include yearly assessments for levels of exposure
Resident sells home at time of their choosing and ACT Government pays any balance to take sale price up to market value at time of sale	Similar to the Proposal other than delay in the opportunity for ACT Government to realise benefit of subdividing land and does not pay market value but rather only the balance between what is determined to be market	In consultation with asbestos assessors and occupational health professionals a framework could be set that provides for certain residences to be determined to be safe enough for this option. This may include

	value at time of sale and what the Resident receives for the sale. Cost of demolition could be shared amongst Resident, Purchaser and ACT Government or by any or all of them	yearly assessments for levels of exposure
Agreement on set number of years to live in house and then be paid market value at the time by ACT Government	Similar to the Proposal other than delay in the opportunity for ACT Government to realise benefit of subdividing land and pays market value at expiry of agreed period.	In consultation with asbestos assessors and occupational health professionals a framework could be set that provides for certain residences to be determined to be safe enough for this option. This may include yearly assessments for levels of exposure
Agreement on set number of years to live in house and be paid at market value at 28 October 2014 with agreed pro rata increase on that amount at time when house vacated	Similar to the Proposal other than delay in the opportunity for ACT Government to realise benefit of subdividing land and pays market value plus pro rate increase at expiry of agreed period.	In consultation with asbestos assessors and occupational health professionals a framework could be set that provides for certain residences to be determined to be safe enough for this option. This may include yearly assessments for levels of exposure
Levy ACT ratepayers so that resident receives 'just terms' for loss of house and land rather than value as at 28 October 2014	No or minimal cost	Minimizes risk similar to the Proposal

These options are potentially just as cost effective for the ACT Government whilst at the same time providing for real choice for individual Mr Fluffy homeowners. Further by providing this level of flexibility in delivery of the project to demolish Mr Fluffy homes it potentially will have less impact on the housing market and therefore help to decrease the bubble that will almost certainly occur under the Proposal.

Further by providing this level of choice it is conceivable that the amount of money the ACT Government has to spend on relocation assistance will be less.

Why not engage with home owner to see if the health and safety of the home owner or resident and the budgetary implication on the ACT Government can be dealt with in another way. Why does it have to be a 'one size fits all' approach?

We would be pleased to speak to this submission.

Salpeter and Mandelberg