

**2014**

**THE LEGISLATIVE ASSEMBLY FOR THE  
AUSTRALIAN CAPITAL TERRITORY**

**GOVERNMENT RESPONSE TO THE  
STANDING COMMITTEE ON PUBLIC ACCOUNTS**

**REPORT OF THE INQUIRY INTO THE PROPOSED  
APPROPRIATION (LOOSE-FILL ASBESTOS INSULATION  
ERADICATION) BILL 2014**

**Tabled by  
Andrew Barr MLA  
Treasurer**

## **Introduction**

On 14 November 2014, the Chief Minister wrote to the Standing Committee on Public Accounts (the Committee) asking it to consider the then proposed Appropriation (Loose-Fill Asbestos Insulation Eradication) Bill 2014 (the Bill). On 17 November 2014, the Committee resolved to conduct an inquiry.

The Bill, introduced into the Legislative Assembly on 25 November 2014, appropriates funding necessary to give effect to the Loose Fill Asbestos Insulation Eradication Scheme that was announced by the Chief Minister on 28 October 2014 (the Scheme).

Under the Scheme, the ACT Government will acquire all ACT homes affected by the continuing presence of loose fill asbestos insulation, demolish them, and safely dispose of the contaminated rubble. The Bill also provides funding for the Government's Emergency Assistance Package announced in June 2014, asbestos assessments and hazard reduction in affected homes, Relocation Assistance Grants for affected families, mental health and psychological support for affected families, a longitudinal health study of the incidence of asbestos related disease among residents of affected homes, and the work of the ACT Government's Asbestos Response Taskforce (the Taskforce) in administering the Scheme.

The Government acknowledges the significant financial and emotional distress this issue is causing for affected families, and appreciates the effort taken by individuals to provide their Submissions to the Committee. The issues raised by Mr Fluffy's continuing legacy in the ACT are complex and multifaceted. Designing a response that is implementable and financially sustainable for the Territory so that a practical and enduring solution to a fifty year old problem can be provided is a genuine challenge. The Taskforce and the Government considered a range of possible approaches in designing the Scheme as announced, many of which have been revisited in Submissions and evidence to the Committee. It has considered those views in framing this Government Response.

In the end, the Government has settled on a scheme at the edge of affordability, but which provides an enduring solution. What is crucial now is that there is certainty around the approach and passage of the Bill, as recommended by the Committee, will allow families to begin to move on.

The Committee's Report was tabled out of session on 3 December 2014 and contained sixty-two recommendations. A summary of the Government's response to the Committee's recommendations is outlined in the following table:

Agreed	16
Not Agreed	12
Agreed In Principle	5
Noted	29
<b>Total</b>	<b>62</b>

## Response to Committee Recommendations

### Recommendation 1

*1.24 The Committee recommends, to the extent possible, that all outstanding responses to Questions Taken on Notice be provided to the Standing Committee on Public Accounts prior to debate of the proposed Appropriation (Loose-fill Asbestos Insulation Eradication) Bill 2014–15.*

#### Government Response: Agreed

As the Committee itself acknowledges, the timeframes for the inquiry have been of necessity compressed. Every effort has been made by Ministers and ACT Public Service (ACTPS) agencies to provide answers in a timely way, and outstanding answers will be provided as soon as possible.

### Recommendation 2

*1.25 The Committee recommends that where outstanding responses to Questions Taken on Notice are not able to be provided prior to debate of the proposed Appropriation (Loose-fill Asbestos Insulation Eradication) Bill 2014–15—they still be answered.*

#### Government Response: Agreed

### Recommendation 3

*10.13 The Committee recommends (to the extent that work is not already taking place) that the ACT Government establish mechanisms to monitor and support the wellbeing—physical, mental and emotional—of affected Mr Fluffy families and households in the short and long term.*

#### Government Response: Noted

The Government has announced an intention to conduct a long term health study of asbestos related disease among residents of affected homes. The Government continues to work closely with the ACT Medicare Local to provide free access to mental health and psychological support services.

#### **Recommendation 4**

*10.14 The Committee recommends that the ACT Government prioritise the implementation of long term support services via a structured recovery taskforce model for Mr Fluffy affected families and households.*

#### Government Response: Agreed In Principle

Work is already underway to develop such an approach and the Government will give consideration to a detailed proposal in due course. The scope, structure and implementation of such an approach have been the subject of lengthy consideration by the Community and Expert Reference Group.

#### **Recommendation 5**

*10.16 The Committee recommends that the ACT Government ensure that the implementation of any long term support services for Mr Fluffy affected families and households should not be withdrawn whilst still required.*

#### Government Response: Agreed In Principle

Consideration of the scope and duration of any program would be the subject of decision making in a future budget context.

#### **Recommendation 6**

*10.19 The Committee recommends that the ACT Government should detail how it will ameliorate any effects of the Scheme on the property market and affordable housing by the last sitting day in September 2015.*

#### Government Response: Agreed

The government is mindful of the potential impacts of its buyback program on the Canberra real estate market. While some fluctuation in the property market can be expected it is not expected that the buyback program will have a particularly large or long lasting impact on Canberra house prices.

The Government has already agreed the Land Development Agency will add three hundred home sites to the Land Release Program, and continue to monitor and respond to demand for housing sites.

### **Recommendation 7**

*10.20 The Committee recommends that the ACT Government, in light of Mr Fluffy residents and homeowners entering the rental market, update its Affordable Housing Strategy by the last sitting day in September 2015.*

#### Government Response: Noted

Further consideration will be given to the need to update the strategy, including in light of observed behavioural impacts over time.

### **Recommendation 8**

*10.22 The Committee recommends that the ACT Government investigate alternative ways for land release in the ACT to address the time lag that currently exists between purchasing land and it becoming build ready serviced land (with utilities).*

#### Government Response: Noted

The Land Release Program is subject to ongoing monitoring and analysis by the Land Development Agency and relevant ACTPS Directorates.

### **Recommendation 9**

*10.25 The Committee recommends that the ACT Government clarify whether the stamp duty waiver is a refund of stamp duty or an actual waiver.*

#### Government Response: Noted

The Scheme deliberately provides for both options as a mechanism for providing eligible homeowners with the ability to access the stamp duty benefits available to them under the Scheme in a way that best suits their circumstances.

### **Recommendation 10**

*10.26 The Committee recommends that the ACT Government discuss with the NSW the feasibility of providing for reciprocal waivers of stamp duty arrangements for eligible Mr Fluffy affected homeowners purchasing property in either ACT or NSW.*

#### Government Response: Noted

This is a matter for the New South Wales Government.

### **Recommendation 11**

*10.28 The Committee recommends that the ACT Government investigate the suggestion that some owners had prior knowledge of the Scheme before the details were released on the 28 of October this year.*

#### Government Response: Not Agreed

There is no evidence before the Government or the Taskforce that supports that assertion or on which a proper investigation might be founded.

### **Recommendation 12**

*10.29 The Committee recommends that the ACT Government ensure that particular attention and support is provided to elderly, vulnerable, marginalised and people with a disability homeowners of Mr Fluffy affected homes.*

#### Government Response: Agreed

Arrangements are already in place through the Taskforce to provide personalised attention and assistance to all affected homeowners, and especially those with special needs. The Taskforce has commenced a program of outreach through the personal support team being available in town centre locations for drop-in conversations or scheduled appointments. Details of venues and times will be published by the Taskforce.

### **Recommendation 13**

*10.36 The Committee recommends that, to enable affected individuals to make an informed decision, the ACT Government prioritise the publication of the level of regulatory infrastructure/restriction on normal use of the property that will be required for those homeowners who elect to remain in their homes by no later than 1 February 2015.*

#### Government Response: Agreed

The Taskforce will communicate to affected homeowners through its next newsletter further details of the medium term asbestos management regime to which the Government agreed in principle in the week of 24 November 2014.

Following consultations with the Work Safety Commissioner, under the Taskforce's proposed approach:

- regulations creating an obligation for there to be an asbestos management plan in place for affected homes will be made in March/April 2015 following appropriate consultation, including with the Asbestos Industry Forum
- the obligation to have such a plan in place will commence on 1 July 2015
- the actual works necessary will be determined by a licensed asbestos assessor based on an assessment of exposure risk on a house by house basis
- it is reasonable to expect necessary mitigation in a less contaminated house to be less significant than in a badly contaminated house

**Recommendation 14**

*10.37 The Committee recommends that a Taskforce representative meets specifically with individuals considering remaining in their home and fully brief them on that decision.*

**Government Response: Noted**

The Taskforce is already meeting with individual families to discuss their individual circumstances, including in relation to ongoing asbestos management in their home. It is not appropriate for the Taskforce to provide specific advice about a particular home and specific risk mitigation works required: only a licensed asbestos assessor can undertake that function.

**Recommendation 15**

*10.38 The Committee recommends that the ACT Government clarify its position with respect to section 51 of the Lands Acquisition Act 1994 by 1 February 2015.*

**Government Response: Noted**

The Government's position in relation to compulsory acquisition was outlined in evidence to the Committee. The Taskforce will reiterate that position as part of its ongoing engagement with affected homeowners.

**Recommendation 16**

*10.39 The Committee recommends that the ACT Government provide comprehensive advice to the legal community as to consequences of: (1) accepting the offer as currently made; and (2) not accepting the current offer.*

**Government Response: Noted**

The Taskforce, Solicitor-General and the ACT Government Solicitor have already met with the Law Society, and briefed the Law Society's property law practice group on these issues.

**Recommendation 17**

*10.40 The Committee recommends that the ACT Government reconsiders the size of the grant being made to Mr Fluffy owners to cover the cost of legal costs.*

**Government Response: Not Agreed**

The Government has agreed to provide \$1000 towards affected owners' legal costs in relation to the Deed of Surrender under the Scheme's buyback program. The Government notes the evidence of the Law Society that this amount is adequate for that purpose.

### **Recommendation 18**

*10.43 The Committee recommends that individuals involved in the “Downer House” forensic deconstruction of the property and who reported the levels of contamination to the ACT Government be appropriately recognised for their efforts.*

#### Government Response: Agreed

The Chief Minister has publicly acknowledged this work in evidence to the Committee and in her Ministerial Statement on 30 October 2014.

### **Recommendation 19**

*10.44 The Committee recommends that the ACT Government amend the current Scheme to offer homeowners affected by loose-fill asbestos contamination so that the offer includes a viable knock-down and rebuild option and report to the Legislative Assembly on the first sitting day in 2015.*

#### Government Response: Not Agreed

Such an approach was considered during the development of the Scheme. Under this option the net cost to the ACT community would be considerably higher than under the Scheme as proposed. Even if only 50 per cent of households took up this option the additional cost to ACT ratepayers would be around \$50 million – largely as a result of the Government foregoing any value uplift resulting from planning changes.

While there would be some initial benefits from not having to finance the cost of purchasing land, these benefits would be eroded by the fact that Government borrowing would be permanently increased by around \$50 million, adding around \$2 million a year in interest costs into perpetuity. Over the 10 years of this loan these factors would reduce the interest savings to less than \$5 million compared to the increased cost of this option of \$50 million.

The Scheme already provides a mechanism whereby an affected homeowner is able to repurchase their remediated former block. Financial assistance is available in this regard through a stamp duty waiver and access to the Land Rent Scheme.

It is also the case that this proposed option would still not provide for the whole cost of rebuilding homes as the value of an old building will not cover the building costs for a new one.

There is an overriding need for certainty in the Scheme’s rules which is undermined by consideration of further potential variations over the proposed timeframe. A number of homeowners are seeking to settle on the buyback of their homes before Christmas and it would be administratively, legally, and morally complex to vary Scheme design once houses have been acquired by the Government.



**Recommendation 20**

*10.45 That the ACT Government consider a “go it alone option” for Mr Fluffy home owners, with appropriate compensation, a reissued lease, suitable timeframes with safeguards and validation process for those who want to manage the process themselves, and report to the Legislative Assembly on the first sitting day in 2015 .*

**Government Response: Noted**

Such an approach was considered during the development of the Scheme. The Taskforce will consider requests by affected owners to pursue such a course provided there is no additional cost to the Government, and equivalent safety outcomes are achieved to houses demolished by the Government under the Scheme.

**Recommendation 21**

*10.46 The Committee recommends that the ACT Government give affected homeowners who have accepted the current proposal—to surrender their crown lease and be compensated for the loss of the physical home—the opportunity to choose the knock-down and rebuild option.*

**Government Response: Not Agreed****Recommendation 22**

*10.47 The Committee recommends that the ACT Government confirm by the first sitting day in 2015 as to whether the Government will override the provisions of Draft Variation 306 to the Territory Plan to allow for the sub division or unit titling of acquired Mr Fluffy blocks.*

**Government Response: Agreed****Recommendation 23**

*10.48 The Committee recommends that the ACT Government release details as soon as the Commonwealth Government informs them of outcomes concerning: (i) capital gains; and (ii) pension payments and related matters.*

**Government Response: Noted**

The Taskforce has already indicated to affected homeowners that it is pursuing this course and will advise them of the outcome as part of its ongoing engagement with them.

**Recommendation 24**

*10.49 The Committee recommends that as soon as arrangements have been agreed with financial institutions that the details be made available.*

**Government Response: Noted**

This is already occurring. Details are being published progressively on the Taskforce’s website.

**Recommendation 25**

*10.50 The Committee recommends that the ACT Government reconsiders the size of the assistance grant made to Mr Fluffy owners in the light of the evidence given to the Committee.*

**Government Response: Not Agreed**

The Relocation Assistance Grant is intended to provide for short term accommodation or other pressing needs as families relocate from affected homes. The Government has already spent more than \$1.2 million on such grants.

The Taskforce continues to discuss personal circumstances with individual families and consider claims of special circumstances or hardship. Every additional \$1,000 provided to households would add \$1 million to the net scheme cost.

**Recommendation 26**

*10.51 The Committee recommends that the ACT Government consider some flexibility in the way payments are made to Mr Fluffy owners to facilitate their new housing arrangements.*

**Government Response: Noted**

The Scheme already provides for flexibility in settlement times, and the Taskforce will consider requests for pre-payment of some of the Surrender Sum on a case by case basis. The Taskforce has also indicated to affected homeowners it is prepared, within the law, to structure and time settlement payments to suit their circumstances, including in relation to the impact of cash payments on benefits and other entitlements.

This flexibility will affect the timing of the budget impact will not increase the overall cost of the Scheme (other than potentially increasing interest costs).

**Recommendation 27**

*10.52 The Committee recommends that the ACT Government publish indicative timelines for the demolition, remediation and sale of surrendered blocks by no later than the first sitting day of March 2015 to enable Mr Fluffy home owners to make an informed decision.*

**Government Response: Agreed In Principle**

The Taskforce is conscious of the need to provide greater certainty around demolition timelines to assist affected owners in their decision making. The key variables in providing that answer with certainty are beyond the Taskforce's direct control and relate to the speed with which affected houses are vacated, and the industry response to the demolition tender process in terms of available demolition capacity. It is unlikely the tender process will be complete by March 2015.

### **Recommendation 28**

*10.53 The Committee recommends that the ACT Government amend its current proposal to homeowners affected by loose-fill asbestos contamination so that it is capable of responding to the range of different circumstances for homeowners, including those influenced by differences in age, physical ability or disability, and financial circumstances.*

#### Government Response: Noted

The Scheme already provides for flexibility in relation to settlement timing, alignment of settlement processes, and other personal circumstances. The Government encourages all owners to discuss their circumstances and desires with the Taskforce.

### **Recommendation 29**

*10.54 The Committee recommends that the ACT Government and Asbestos Taskforce establish and provide clear, authoritative advice, on contamination and cross-contamination of goods in affected households to avoid taking contaminated items to another location.*

#### Government Response: Noted

The Taskforce has already published guidance, settled in consultation with the Chief Health Officer, Work Safety Commissioner, and Dr Ian Gardner who was one of the asbestos experts nominated by the Chief Executive of Safe Work Australia to be consulted in the preparation of the Taskforce's Report *Long Term Management of Loose Fill Asbestos in Canberra Homes* (the Taskforce Report). It will continue to communicate those requirements, and provide tailored advice as necessary.

### **Recommendation 30**

*10.55 The Committee recommends that the ACT Government, as a matter of urgency, provide advice on the potential future health consequences of exposure to loose-fill asbestos for affected homeowners and other parties who have been exposed.*

#### Government Response: Noted

The Taskforce Report contains a section dealing with the potential health impacts of asbestos exposure, and the Taskforce website includes copies of the Chief Health Officer's presentation to public forums on those risks and the incidence of asbestos related disease. The Bill provides funding for a long term health study of residents in affected homes.

### **Recommendation 31**

*10.56 The Committee recommends that the ACT Government make adequate provision for, and ensure that, the Asbestos Taskforce maintain clear lines of communication with affected homeowners, including the provision of consistent, authoritative information and identified and reliable points of contact.*

#### Government Response: Noted

The Bill provides resourcing to the Taskforce to ensure it is equipped to flexibly respond to changing demands for information by affected homeowners and the wider community.

**Recommendation 32**

*10.57 The Committee recommends that the ACT Government improves their consultation practices and in particular makes better use of the circumstances and resources of Canberra's Community Councils to bring together and represent their local areas.*

**Government Response: Noted**

The Taskforce will engage with community councils as part of the wider community education and information campaign in relation to the demolition program, and other aspects of the Scheme as appropriate.

**Recommendation 33**

*10.58 The Committee recommends that the ACT Government publish any FORAG submission provided to the ACT Asbestos Taskforce.*

**Government Response: Noted**

The Taskforce has received a number of such submissions in relation to individual cases which it would be improper to release on privacy grounds.

The Taskforce has had discussions with the convener of the Fluffy Owners' and Residents' Action Group on a number of occasions, including through the Community and Expert Reference Group, but has not received a formal Submission in relation to Scheme design.

**Recommendation 34**

*10.59 The Committee recommends that the ACT Government determine an appeal mechanism to address concerns where agreement on the Scheme is unable to be reached.*

**Government Response: Noted**

The valuation process under the Scheme's buyback program provides for a Presidential Determination to, in effect, arbitrate disputes in relation to valuation.

The Taskforce has internal review mechanisms in place for escalation of complaints or request by affected homeowners, under the broader governance structures of the Chief Minister, Treasury and Economic Development Directorate of which it is a part.

The Taskforce has engaged the ACT Ombudsman in the design of the Scheme, and the Ombudsman's office is able to assist in dispute resolution in relation to the work of the Taskforce.

### **Recommendation 35**

*10.62 The Committee recommends that the ACT Government should consider exempting certain homeowners from the Scheme. The Committee strongly believes that the Government should show some flexibility for those in extenuating circumstances on the provision that these homeowners agree to make no renovations or alterations to their homes without government approval.*

#### **Government Response: Not Agreed**

This recommendation is completely contrary to the consensus advice set out in the Taskforce Report. That report draws on the advice of asbestos experts nominated by the Chief Executive of Safe Work Australia for the purposes of consultation in the preparation of that Report.

There is no safe level of asbestos exposure and the risks posed by loose fill amosite and crocidolite fibres are significant.

There is no practical or effective way to manage the risks of exposure to loose fill asbestos insulation fibres in the long term.

Safe Work Australia's national *Code of Practice on How to Manage and Control Asbestos in the Workplace* provides 'instances where removal should be of the highest priority would include friable asbestos that is in poor condition and is located in an area where it poses a significant risk of exposure.' It also observes that 'specific instances where removal may be the best control measure include loose fibre insulation'.

Even where residents of an affected home are prepared to accept the risks of exposure, there is an overriding obligation to workers and visitors. Demolition of all affected homes is the only enduring solution to the health, social, financial and practical impacts of the ongoing contamination of houses by loose fill asbestos insulation fibres.

### **Recommendation 36**

*10.63 The Committee recommends the exemptions should only be made if these homeowners have been informed in writing of the risk to themselves and others and make no renovations or alterations to their homes.*

#### **Government Response: Not Agreed**

Even where owners of an affected home are prepared to accept the risks of exposure, there is an overriding obligation to workers and visitors.

**Recommendation 37**

*10.64 The Committee recommends that should the ACT Government create an exemption for certain homeowners who wish to continue living in their property, this only be allowed, subject to surrender of lease on fair terms when vacating the block for: (i) downsizing; (ii) death; and (iii) contamination reasons.*

Government Response: Not Agreed

**Recommendation 38**

*10.67 The Committee recommends that the ACT Government give consideration to having social workers, Asbestos Taskforce members and others with appropriate training, who have been informed of the risks of visiting contaminated homes, regularly check on the well-being and safety of the exceptional circumstances homeowners who may remain in their Mr Fluffy homes.*

Government Response: Noted

The Taskforce's Personal support team has been drawn from areas of the ACTPS engaged in this sort of work and has professional qualifications relevant to their role. The Taskforce continues to engage with community sector organisations, including through the Community and Expert Reference Group. This sort of outreach would be an important element of any recovery strategy.

**Recommendation 39**

*10.68 The Committee recommends that in the case cited in Submission No. 12, and others so affected, that the ACT Government includes such families in the Scheme.*

Government Response: Agreed in-principle

The Government will consider cases of that nature on a case by case basis, and is considering a request for assistance from in that particular case.

**Recommendation 40**

*10.69 The Committee recommends that in the cases of homes where no positive asbestos results for the property were returned that the ACT Government retest the properties and report back to the Assembly by the first sitting day of 2015.*

Government Response: Not Agreed

It is not appropriate to provide information on individual properties to the Assembly.

Houses are included on the list of affected properties because records indicate they underwent remediation in the original asbestos removal program in the late 1980s and early 1990s, or have emerged as a "missed house" since.

The asbestos assessments undertaken by the Taskforce have focussed on contamination in living areas and have specifically not involved testing of roof spaces and uninhabited sub-floor areas which are presumed to be contaminated.

**Recommendation 41**

*10.70 The Committee recommends that the terminology 'clear' and 'clean' should not be used when addressing the state of asbestos remediated homes.*

Government Response: Agreed

**Recommendation 42**

*10.71 The Committee recommends that the case cited in submission No. 26 and 26a, and others affected by disability, as renovations to modify a home for living with a disability are unlikely to be adequately accounted for in the valuation, the ACT Government consider additional appropriate financial assistance.*

Government Response: Noted

The valuation process under the Scheme's buyback program is conducted by professional, independent valuers and takes into account all factors that affect the value of the property. This would include improvements made to assist in managing a disability.

The Government encourages all families, but especially those with special needs, to discuss their circumstances with the Taskforce, and is aware a number have already done so. Requests of the nature described will be considered on a case by case basis.

**Recommendation 43**

*10.72 The Committee recommends that in relation to properties where the owners also conduct home businesses from the property that these blocks be considered for priority remediation. Further, in the case of these families consideration should be given an additional grant to assist in the relocation and re-establishment of the business.*

Government Response: Not Agreed

The Government has offered to buy all affected houses immediately. Demolition of houses will be organised on the basis of minimisation of costs through efficiencies in scheduling, and minimisation of disruption to local communities.

**Recommendation 44**

*10.76 The Committee recommends that the ACT Government investigate alternative sites for disposal of contaminated waste and report back to the Legislative Assembly by the first sitting day in March 2015.*

**Government Response: Noted**

The Taskforce will consider options for waste disposal in the context of settling the demolition tender.

**Recommendation 45**

*10.77 The Committee recommends that the ACT Government minimise, to the extent possible, transportation of contaminated waste on residential routes from affected homes to the disposal site.*

**Government Response: Noted**

Transport planning will give priority to safety in relation to local traffic impacts, major route impacts, and containment of loads.

**Recommendation 46**

*10.78 The Committee recommends that the ACT Government, to the extent possible, should ensure that transportation of contaminated waste from affected homes to the disposal site is programmed for off-peak time periods.*

**Government Response: Noted**

Local impacts of demolition activity will be considered as part of the detailed demolition planning process by the responsible head contractors.

**Recommendation 47**

*10.79 The Committee recommends that the ACT Government regularly monitor the processes in place for treatment of the contaminated waste upon arrival at the West Belconnen landfill weighbridge to ensure that compliance with mandatory standards is being enforced.*

**Government Response: Agreed**

The transportation and disposal of rubble from demolished homes is strictly regulated and in addition to contract management procedures administered by the Territory and Municipal Services Directorate, this aspect of the program will be overseen by WorkSafe ACT and the Environment Protection Authority.



**Recommendation 48**

*10.80 The Committee recommends that the ACT Government regularly monitor the state of access roads to the West Belconnen landfill precinct to minimise the effect on those roads and the residents in the proximity of the site. Repairs to roads in the landfill precinct should be a priority.*

**Government Response: Agreed**

The Territory and Municipal Services Directorate undertook to do so in its evidence to the Committee.

**Recommendation 49**

*10.81 The Committee recommends that the ACT Government, where any marked increase in volume of traffic on access roads to the landfill site including urban linking roads in proximity of the landfill site become apparent these should be addressed via the implementation of temporary traffic management plans for the area and surrounding suburbs.*

**Government Response: Agreed**

The Territory and Municipal Services Directorate undertook to do so in its evidence to the Committee.

**Recommendation 50**

*10.82 The Committee recommends that the ACT Government establish baseline testing at the West Belconnen landfill dump site for asbestos fibre soil and water contamination and test annually for the next twenty-five years and that the results be published.*

**Government Response: Noted**

The West Belconnen Resource Management Centre has been used as a disposal site for asbestos contaminated waste for some time. Arrangements are already in place in relation to the licensing and regulation of the dumping of contaminated waste.

**Recommendation 51**

*10.83 The Committee recommends that the ACT Government develop a factsheet outlining the safety processes from 'house to tip' to ease fears concerning the transport of loose-fill asbestos waste and that it be distributed in all affected suburbs and along transport routes to the West Belconnen landfill site.*

**Government Response: Agreed**

The Taskforce will prepare this document as part of its foreshadowed community education and information campaign.

## **Recommendation 52**

*10.84 The Committee recommends that with regard to the Palmerston/Crace asbestos landfill site study that the ACT Government table the report in the ACT Legislative Assembly within three sitting days of receipt by Government.*

### Government Response: Agreed In Principle

The Government will table the report but considers it would be preferable to table the report accompanied by its assessment of what further work if any is necessary and how any such works will be undertaken.

The Government does not agree to the three sitting day time limit.

## **Recommendation 53**

*10.85 The Committee recommends that the ACT Government, where possible, should conduct an analysis of the files documenting the 1988 Commonwealth Government funded Loose Asbestos Removal program to determine any lessons that can be learned.*

### Government Response: Noted

The Taskforce's work is focussed on solving the current problem of contamination in affected homes. The lessons learned from the original removal program form part of the available information base as the Taskforce work continues to evolve.

## **Recommendation 54**

*10.89 That the ACT Government cost the proposal to allow Mr Fluffy homeowners to retain their blocks, thereby necessitating a smaller drawdown on the Commonwealth loan facility with a commensurate lower interest payments against the current purchase and greater development rights proposal for the life of each stage of the Scheme and report to the ACT Legislative Assembly on the first sitting day in 2015.*

### Government Response: Agreed

The Treasury has modelled the costs of that proposal. The claimed interest savings are more than outweighed by the revenue foregone through the lost opportunity to capture the value of planning permissions.

Under this option the cost to the ACT community would be considerably higher than under the Scheme as proposed. Even if only 50 per cent of households took up this option the additional cost to ACT ratepayers would be around \$50 million – largely as a result of the Government foregoing any value uplift resulting from planning changes.

While there would be some initial benefits from not having to finance the cost of purchasing land, these benefits would be eroded by the fact that Government borrowing would be permanently increased by around \$50 million a year, adding around \$2 million a year in interest costs into perpetuity. Over the 10 years of this loan these factors would reduce the interest savings to less than \$5 million compared to the increased cost of this option of \$50 million.

**Recommendation 55**

*10.90 The Committee recommends that the ACT Government detail to the ACT Legislative Assembly: (i) how it will make the loan repayments over the 10 year life of the loan; (ii) clarify which budget priorities will have to be reprioritised; and (iii) what the likely impact (if any) on service delivery will be before the Bill is passed.*

**Government Response: Agreed**

The Government will advise the Assembly on the loan terms once the loan agreement with the Commonwealth has been finalised. Discussions are progressing well and the loan agreement will be signed before Christmas.

The Government has already indicated its priorities are health, education, public transport and the Scheme.

The net cost of the Scheme (excluding interest payments) will be \$300 to \$400 million. The Scheme's cost is at the upper range affordability for the Territory. This means that incurring further costs through alternative options is unaffordable over the five year program timeframe.

**Recommendation 56**

*10.91 The Committee recommends that the ACT Government considers the establishment of a statutory authority/Territory-owned Corporation/or suitable entity to conduct the demolition, remediation, rezoning and sale of the surrounded blocks, along private sector lines to ensure the best and most suitable return to the budget.*

**Government Response: Not Agreed**

The Taskforce will work closely with the Land Development Agency in this regard. There is no need to go to the expense of establishing another statutory agency to conduct the Scheme.

**Recommendation 57**

*10.93 The Committee recommends that the ACT Government table in the ACT Legislative Assembly quarterly progress reports on the implementation of the Scheme.*

**Government Response: Agreed**

The Government has already agreed to do so. The Chief Minister's Ministerial Statement on 30 October 2014 was the first such report.

**Recommendation 58**

*10.98 The Committee recommends that an ACT Board of inquiry be constituted, pursuant to the Inquiries Act, to investigate the full history of the Mr Fluffy legacy. The Board of Inquiry should report by 1 March 2016.*

**Government Response: Not Agreed**

The Government agrees there is a need to consider the entirety of the history of this issue, but to do so in the timeframe proposed would significantly distract the Taskforce from its critical work.

The proposed timeframe is also overly ambitious for an inquiry of this complexity, which is more likely to run for at least two years and could easily cost up to \$10 million.

**Recommendation 59**

*10.99 The Committee recommends that when complete, the Board of Inquiry report together with the report of the NSW Joint Select Committee on Loose Fill Asbestos Insulation be forwarded to the Commonwealth with a view to a suitable and robust inquiry being established to investigate the full history.*

**Government Response: Noted**

The Government's and the Taskforce's immediate focus is on implementation of the Scheme.

**Recommendation 60**

*10.100 The Committee recommends that given the size and scale of the asbestos legacy transferred to the Territory at the time of self-government, that a suitable inquiry mechanism be established to investigate the full history of various levels of government in the matter—Commonwealth and the ACT.*

**Government Response: Noted**

The Government's and the Taskforce's immediate focus is on implementation of the Scheme.

**Recommendation 61**

*10.101 The Committee recommends that the ACT Government establish a process similar to the Sheep Dip remediation program to address the issue of Asbestos dumpsites in suburban Canberra.*

**Government Response: Noted**

This recommendation is outside the scope of the measures proposed in the Bill.

**Recommendation 62**

*11.8 Notwithstanding the preceding recommendations, the Committee recommends that the Assembly pass the Appropriation (Loose-fill Asbestos Insulation Eradication) Bill 2014-15, so that monies can start being paid to homeowners who have joined the Scheme.*

Government Response: Agreed