



 A.C.T. LEGISLATIVE ASSEMBLY COMMITTEE OFFICE	
SUBMISSION NUMBER	20
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Submission to ACT Public Accounts Committee Inquiry on buy-back of homes for
remediation from loose-fill asbestos

Introductory

I make this submission to the Committee as a concerned Canberra resident and as an owner of a house that has loose-fill asbestos contamination.

I understand and accept the need to deal with the asbestos contamination fully and that to eradicate this substance from the community once and for all, requires the demolition of homes and the remediation of land.

As a Canberra resident I am concerned about the many effects of the proposal that has been put to affected owners and put forward a more flexible counter-proposal.

Counter-Proposal

I believe that, under the Government's proposal, where lessees wish to repurchase and rebuild they will face an effective gross under-valuation of their houses that will be demolished.

It may take two to three years before blocks are ready for release. Where a lessee wants to repurchase a surrendered block the market value of the land may have increased by up to 50% or much more. As land is the more significant component of the "surrender" valuation, the result will be that the amount paid as "surrender" value is likely to be almost entirely absorbed by the repurchase of the block. This would leave a lessee with a significant shortfall of funding to cover the rebuilding.

Under the Government's proposal, the Lessee exercising a right of repurchase **is effectively being asked to finance the repayment of the Federal Government Loan.**

Contrast this with the position of a person who was able to privately demolish and rebuild their house between 14 February and 28 October. In this case, the Lessee will receive reimbursement of the amount paid for demolition and remediation coupled with a contribution towards rebuilding. This contribution will be set at the value of the buildings at the time of demolition. The Lessee will not be required to make any payment to the government, as their Crown lease will not have been surrendered.

In order to address the inequity inherent in the Government's proposal I ask that consideration be given to providing a more flexible scheme under which those Lessees who wish to remain on their block and rebuild, rather than being paid a surrender value and then being asked to repurchase their blocks, instead receive equitable assistance to rebuild their homes. I believe this is consistent with advice given by the Government the proposal would provide fairness for all.

While recognizing that there will be a cost incurred in this proposal it is important to note that Lessees were put in this situation by failure of governance and regulation over many decades. However with some leaseholders opting to retain their blocks the Government's initial outlay will be reduced. Repayments and interest will consequently be lower in the early years of the program.

It is further proposed that the financial assistance provided for rebuilding should be paid on a progressive basis over the period in which building work is undertaken. This will further smooth the level of outlays over the program.

Note too, that this counter-proposal would not replace the Government's existing proposal but would offer an alternative to those who wish to rebuild on their blocks.

Those who wish to surrender their blocks and buy elsewhere will not be affected by this proposal. The opportunity for the Government to sell those surrendered blocks, whether subdivided or not, will remain unchanged.

Outline of the proposed scheme

The following is an outline of the proposal as it relates to those lessees wishing to repurchase their blocks:

1. Houses to be valued as at 28th October 2014 on the same basis as in the Government's proposal;
2. Lessees and the Government to sign a legal agreement that the ACT Government will carry out the demolition and remediation at its expense;
3. No "surrender" value to be paid as the lessee retains possession of the land under the existing Crown lease. This would significantly reduce the outlay envisaged in the Government's proposal;
4. When the blocks are remediated and appropriate clearance is given, Lessees are authorized to enter into contracts for rebuilding;
5. Lessee enters into full possession of the land;
6. Government to provide an equitable contribution to the cost of rebuilding a house of similar size and quality bearing in mind the level of costs of building as published by the industry;
7. The lessee commences the process of design and construction of a new residence;
8. Progress payments to be made by Government over a nine to twelve month period, during the design and construction phase;
9. Lessees to bear any additional costs, or cost increases, above the Government's equitable contribution (see item 6 above).

Benefits

- Substantial reduction of initial draw down of Commonwealth funds;
- Reduced budgetary impact by way of interest and repayments in early years when offsetting revenue is expected to be lowest;
- Greater community acceptance of the program with no perception of the Government making a profit out of owners' misfortune;

- Flexibility and equitable treatment for the affected owners. In particular, as between those who have demolished their houses and have kept their blocks and those who would like to keep their blocks and rebuild.

My particular circumstances

- We have lived in our house for more than 36 years;
- Insulation was expressly excluded from my contract with the builder in 1975 (which I still have) but somehow loose fill asbestos was installed. I have no recollection of having sanctioned its installation;
- Since I became aware of its presence we have had the asbestos removed twice under government or government sanctioned schemes. First in 1986 and again in 1992. We are now told that the house is not safe for occupancy;
- This when we have brought up three children in the house. They are now adults and two have already elected to move;
- Attached to this submission is a copy of a certificate issued after we had renovations and extensions carried out in 2008. It clearly states that the house is cleared for occupancy and use a similar certificate was issued in 1992 after the second "cleaning";
- The fact is that there has been a failure of regulation in the past, which has impacted on us and that now threatens to evict us;
- We like the area in which we live and, in particular, the situation of our block. It had been our intention to go on living here;
- The government's "one size fits all" approach is not fair to people in our position. Like others in this situation I ask that consideration be given to a more flexible approach.

Evans



ACT Planning and Land Authority

ACT Building, Electrical and Plumbing Control

GPO Box 1908, Canberra ACT 2601

Certificate of Occupancy and Use

Certificate No. **081052N1C1**

This Certificate is issued in accordance with Section 69 (2) of the Building Act.

The building work listed on this certificate has been completed substantially in accordance with the prescribed requirements and is considered fit for occupation and use.

Builder [REDACTED]	Suburb [REDACTED]	Section [REDACTED]	Block [REDACTED]
Notice of Intention to Start Work Number 081052N1	Plan 081052/A		

Building Work

Nature of Work	Project Item Description	Unit Other Description	Class of Occupancy	Type of Construction
ADDITIONS TO	RESIDENCE	AND ALTERATIONS	1a(i) & 10	NA

Comments

Important note:

1. Residential building statutory warranties and residential insurance apply in relation to building work.
2. The issue, under this Part, of a certificate in respect of a building or portion of a building does not affect the liability of a person to comply with the provisions of a law of the Territory (including this Act) relating to the building or portion of the building.

SARAH RADFORD
Delegate of the Registrar

24/10/2008

Date