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Defence Force (Home Loans Assistance) Amendment Bill 2006

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Defence Force (Home Loans Assistance) Amendment Bill 2006

Date introduced: 31 May 2006

House: House of Representatives

Portfolio: Defence

Commencement: The date of Royal Assent

Purpose

The Bill would amend the *Defence Force (Home Loans Assistance) Act 1990* to extend the operation of the Defence HomeOwner Scheme for a further 12 months beyond its current finishing date of 31 December 2006.

Background

Basis of policy commitment

The Defence HomeOwner Scheme (DHOS) was introduced in 1991 to assist eligible members and ex-members of the Australian Defence Force to purchase their own home by providing a subsidy on the interest of a home loan borrowed from the approved lender, the National Australia Bank.

The scheme is administered in accordance with the *Defence Force (Home Loans Assistance) Act 1990*. The Defence Housing Authority administers the scheme on behalf of the Department of Defence.

The *Explanatory Memorandum* states that the purpose of the 12 month date extension provided by this Bill is to:

- provide the Department of Defence with the opportunity to conduct a review of home ownership assistance that is more appropriate to the contemporary home loan market
- permit the issue of certificates of entitlement that establish ADF members eligibility and access to the assistance up to 31 December 2007
- preserve the entitlements of ADF members who are eligible to assistance under the Defence HomeOwner Scheme, but have not accessed the entitlement, pending the implementation of revised assistance, and

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- give effect to an agreement reached between the Commonwealth and the National Australia Bank, as the sole provider, to extend the current franchise date to 31 December 2007.¹

A [review](#) of the DHOS was announced by the ADF on 10 May 2006. The broad objectives of the review are to develop a revised scheme that:

- supports recruitment, retention and resettlement;
- is cost effective for defence; and
- recognises the benefits home ownership provides to both members and defence.²

For further background see:

- Defence Housing Authority website: <http://www.dha.gov.au/>. See especially <http://www.dha.gov.au/for-adf-members/housing/defence-homeowner-scheme>
- Mark Davis, '[Defence staff's generous housing aid tipped for review](#)', *Australian Financial Review*, 9 May 2006, p. 4.
- Jennifer Norberry, '[Defence Legislation Amendment Bill 2003](#)', *Bills Digest* no.183, 2002–03, 23 June 2003

Financial implications

The Explanatory Memorandum states that there are no financial implications of this Bill.³ It is not clear whether this refers to any new or fresh costs to the Commonwealth. Presumably extending the scheme for a further year requires financial resources to be expended by the Commonwealth in the same manner as the current arrangements.

Main provisions

Schedule 1—Amendments to *Defence Force (Home Loans Assistance) Act 1990*

Item 1 amends section 3 of the above Act ('definition of finishing day'). The item would omit '31 December 2006', and substitute '**31 December 2007**'.

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Endnotes

1. *Explanatory Memorandum*, p. 1.
2. Department of Defence, Review of the Defence Home Owner Scheme, http://www.defence.gov.au/dpe/pac/231/11715_1.html, accessed 20 June 2006.
3. *Explanatory Memorandum*, p. 1.

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