

Department of Defence

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NEW DEFENCE HOME OWNERSHIP ASSISTANCE SCHEME

Introduction

On 08 May 2007, the Treasurer announced the introduction of the Defence Home Ownership Assistance Scheme (DHOAS). The scheme was announced as one of a number of initiatives designed to improve current Australian Defence Force (ADF) recruitment and retention rates.

Defence Home Ownership Assistance Scheme key features

The DHOAS will provide ADF members with home ownership assistance that is reflective of the contemporary housing and home finance markets, together with the flexibility to maintain relativity with both markets.

[Annex A](#) provides a summary of the key features of the DHOAS for members of the permanent forces. Details of Reserve Force members DHOAS entitlements will be provided at a later date.

Date of effect

The DHOAS will come into effect from 01 July 2008.

The detailed legislative framework supporting the DHOAS is currently in the development phase.

Defence Home Ownership Assistance Scheme updates

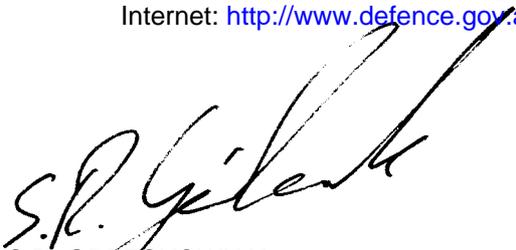
Updates on the development of DHOAS policy will be made available through:

- Pay and Conditions web site updates
- Service Newspaper articles
- Defence Family Matters magazine articles
- DEFGRAMS
- Signals

Further information

Detailed advice on the intended operation of the scheme is available on the Pay and Conditions web site at:

Intranet: <http://intranet.defence.gov.au/pac/>
Internet: <http://www.defence.gov.au/dpe/pac/>



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Annex:

A. [Defence Home Ownership Assistance Scheme](#)

DISTRIBUTION: SDL 1, 2, 3, 4, 5, 6, 9A, 12, 14

DEFENCE HOME OWNERSHIP ASSISTANCE SCHEME

Qualifying Period	Permanent Australian Defence Force members will be required to have completed four years of continuous service to trigger eligibility.
Subsidy Assistance	<p>Permanent ADF members On a subsidised loan limit of: \$160 000 after four years of service; \$234 000 after eight years of service; and \$312 000 after 12 years of service.</p> <p>Note: these figures may vary from those that will apply from 01 July 2008.</p>
How the subsidy period accrues	<p>1. Permanent ADF members will be eligible to receive the subsidy after completing four years of service. If the subsidy is not accessed at this point it accrues on a monthly basis.</p> <p>2. Extra years of subsidy are granted for war-like service, similar to the Defence Home Ownership Scheme (DHAOAS).</p>
2nd Mortgage Required	No. The amount you may be able to borrow will be between you and the lender. The portion of your loan that is subsidised will be constrained by the subsidised loan limits detailed above.
Value of interest subsidy	37.5 per cent of the average interest expense on a loan that is equivalent to the subsidised loan limits repayable over 25 years.
Amount of subsidy	<p>1. \$241 p/m for \$160 000 subsidised loan limit 2. \$353 p/m for \$234 000 subsidised loan limit 3. \$470 p/m for \$312 000 subsidised loan limit</p> <p>Note: these figures may vary from those that will apply from 01 July 2008.</p>
Lump Sum Deposit option	Subject to eligibility criteria, an option will be available to convert up to four years accrued subsidy period into a lump sum payment on purchase of first home in service. (That is, up to four years accrued subsidy on a subsidised loan limit of \$160 000).
Review of interest rates and subsidised loan limits	A median interest rate will be used to calculate the value of the subsidy assistance. The interest rate may vary as a result of the flow on effect to home loan interest rates of changes in official interest rates advised by the Reserve Bank of Australia. Subsidised loan limits will vary in response to annual movements in the National Weighted Average House Price as advised by the Australian Bureau of Statistics.
Can members of current schemes access this new scheme?	Yes, provided members are still serving at 01 July 2008 and meet the new scheme's eligibility criteria. Members transferring to the new scheme will be responsible for all costs associated with finalising their existing mortgage and taking out a new mortgage with a member of the DHOAS home loan provider panel.