DEFENCE SERVICE HOMES AMENDMENT BILL 1978

Date Introduced: 25 May 1978
House: House of Representatives
Presented by: The Honourable R.V. Garland,
Minister for Veterans' Affairs

Short Digest of Bill

Purpose

To make changes applying to regular servicemen, de facto wives, application fees, priorities, insurance and financial procedures.

Background

The original purpose of the Defence Service Homes Act 1918 was to assist men and women who served in the armed services in wartime with housing finance, and also to assist certain categories of civilian workers whose employment was closely connected with the war effort. A feature of the scheme is the concessional rate of interest available, and the extended period for repayment of a loan.

The Act has been amended through the years so that service in operational areas such as Korea, Malaysia and Vietnam has been taken into account. In 1973 the entitlement to a Defence Service loan was extended to include Regular Servicemen and Servicewomen who completed an initial engagement of at least three years. National Servicemen who completed their period of enlistment were also included.

The widow of a person eligible for a loan has always had an entitlement. However, there has been no recognition of stable de facto relationships. The Bill will correct this situation.

Another important feature of the Scheme is that indemnity insurance cover can be effected quite cheaply in comparison with rates charged by many insurance companies. The Bill provides for the introduction of a Statement of Conditions governing insurance cover available from the Defence Service Homes Corporation. The Minister's Second Reading Speech indicates that this will enable greater flexibility in adjusting to industry changes.

Other changes which the Bill makes include:

(a) Introduction of a fee with loans applications.

(b) Authority to allot priority in the granting of loans according to circumstances and to divide applicants into
classes, for example war service could be taken into account.

(c) Procedural matters related to financial administration.

**Main Provisions**

Clause 3 amends section 4 of the Act so that de facto wives of not less than three years standing are to be treated on the same basis as legal wives.

Clause 4 amends section 4AAA so that the period of qualifying peacetime service in the Defence Force for a loan is increased from 3 years to 6 years, except in cases of premature termination due to death or illness. Service beyond 6 years is essential.

Clause 6 inserts two new sections:

(a) section 27A provides for the payment of fees by applicants. The amount is to be determined by the Corporation.

(b) section 27B allows the Corporation to determine the order in which advances are made to applicants in accordance with priorities determined on the basis of their division into different classes, or where particular circumstances apply.

Clause 7 makes minor amendments to section 29 concerning interest, accumulation of credits by a purchaser, and the application of credits for the discharge of liabilities. It clarifies that interest refers to compound interest calculated monthly. Interest on accumulations is not to be credited to the borrower but is to reduce the amount of the interest component of monthly payments. Accumulations are available to satisfy amounts owed to the Corporation for liabilities incurred by the purchaser in connexion with his property.

Clause 8 amends section 32A so that a de facto spouse is in the same position as a legal wife or husband should false statements be made concerning the ownership of a home, i.e. the money owing is to be called up.

Clause 9 amends section 36 by adding sub-section (3A). This gives the Minister a discretion in the distribution of the balance remaining after an enforced sale caused by non-payment of instalments. It applies when the whereabouts of a joint tenant is unknown.

Clause 10 states the position when a couple, who both have Defence Service loans, marry. The amendment shows that one loan must be paid off if there is a legal marriage.

Clause 11 repeals section 38. A new section 38 covers the following aspects of insurance:

(a) The powers of the Corporation to undertake insurance where it has or had an interest in a dwelling-house.
(b) A Statement of Conditions to be prepared by the Corporation. This is to cover risks, eligibility for insurance, and terms and conditions generally. The Statement and any variations are to be laid before each House of Parliament.

(c) Regulations, i.e. to give effect to the undertaking of insurance.

Clauses 12-17 make a number of amendments to the provisions covering financial administration including:

(a) Payment of fees into the Consolidated Revenue Fund.

(b) Certain payments from Consolidated Revenue Fund into Defence Service Homes Trust Account.

(c) Authority to make insurance payments in accordance with sound commercial principles.

(d) The keeping of accounts and financial control.

(e) Refund into Consolidated Revenue Fund of the credit in the Defence Service Homes Trust Account due to unexpended moneys received prior to 1 July 1977.

Defence, Science and Technology Group
6 June 1978

LEGISLATIVE RESEARCH SERVICE