EXPLANATORY STATEMENT

Defence Home Ownership Assistance Scheme (Average House Price and Median Interest Rate) Determination 2018

The Defence Home Ownership Assistance Scheme Act 2008 (the Act) provides a home ownership assistance scheme for eligible members of the Australian Defence Force (ADF). Section 52 of the Act enables the making of determinations dealing with the average house price.

The purpose of this Determination is to set the average house price for the purpose of calculating the monthly subsidy amount for the Defence Home Ownership Assistance Scheme (the Scheme). The Determination is made by the delegate of the Minister for Defence under subsection 52(1) of the Act.

This Determination is a remake and update to replace the previous Defence Home Ownership Assistance Scheme (Average House Price and Median Interest rate) Determination 2008 which is due to sunset on 1 April 2019.

Section 1 of this Determination sets out the manner in which this Determination may be cited.

Section 2 of this Determination provides that the Determination commences on 1 July 2018.

Section 3 of this Determination provides that the Determination is made under section 52 and 53 of the Act.

Section 4 provides the instrument specified in the Schedule is repealed.

Section 5 provides Definitions including the data published by Canstar Pty Ltd.

Section 6 provides for the purposes of subsection 52(1) of the Act a listing of average house prices since the commencement of the Scheme. The amount for the average house price of $741,603 for the 2018-2019 financial year.

Subsection 52(1) of the Act confers power on the Minister to set a figure as the average house price under the Scheme, by determination from time to time. The Minister for Defence has delegated this power to the Assistant Secretary People Policy and Employment Conditions.

Section 7- Subsection 52(2) requires the Minister to have regard to the national average house price and regional weighting data for the purpose of the determination of an average house price for the scheme. The national average house price has been derived according to statistical data published by the Australian Bureau of Statistics for the period up to the end of the December 2017 for each of the eight capital cities, from the unstratified median house prices for a capital city multiplied by the house price index weighting for that city. This figure was multiplied by the quarterly percentage movement from March 2017 to December 2017 plus the average percentage movement of the December to March quarters for the previous four years, 2013-2017 inclusive.

Subsection 52(3) explains that the average house price is to be determined annually for a financial year. This ensures that the scheme will be adjusted each year to take account of changes that have been observed in the housing market across Australia. The average house price for the 2018-2019 financial year is $41,286 higher than the figure determined for the previous year, reflecting broad upward movement in the market and house prices generally.

Consultation

The Treasury, the Department of Finance and Australian Bureau of Statistics were consulted on the methodology for determining the average house price. In relation to this current amendment, the Department of Veterans’ Affairs, which administers the scheme under contract, has also been consulted to assist it to adjust this change for 2018-2019 and communicate the change to applicants for subsidy. The Office of Best Practice Regulation within the Department of the Prime Minister and Cabinet has advised that a regulation impact statement is not required for this amendment (OBPR exemption no.10425).

Authority: Defence Home Ownership Assistance Scheme Act 2008
Statement of Compatibility with Human Rights

Prepared in accordance with Part 3 of the Human Rights (Parliamentary Scrutiny) Act 2011

Defence Home Ownership Assistance Scheme (Average House Price and Median Interest Rate) Determination 2018

This Determination is compatible with the human rights and freedoms recognised or declared in the international instruments listed in section 3 of the Human Rights (Parliamentary Scrutiny) Act 2011.

Overview of the Determination

The Defence Home Ownership Assistance Scheme (Scheme) is a home loan subsidy scheme for eligible current and former ADF members. A major objective of the Scheme is to improve current ADF retention and recruitment rates. This is achieved by offering Defence Force members subsidy payments to assist them to purchase homes for them and their family and provides progressively higher levels of assistance once they have served beyond critical career points. The subsidy reflects the current home loan market interest rates. This Determination sets the average house price for the purpose of calculating the monthly subsidy amount for the Scheme.

Human rights implications

Right to the enjoyment of just and favourable conditions of work
Right to an adequate standard of living

Article 7 of the International Covenant on Economic, Social and Cultural Rights guarantees the right to just and favourable conditions of work, including remuneration, safe and healthy conditions, equal opportunity and reasonable limitations. Article 11 of the International Covenant on Economic, Social and Cultural Rights requires Australia to progressively realise the right of everyone to an adequate standard of living, including adequate housing, within the maximum available resources.

The purpose of the Scheme is to assist Defence Force members and their family to purchase a home to live in and ensures that Defence Force members do not suffer any disadvantage because of the requirement for them to travel to new posting locations. This Determination sets a new average house price for the 2018-19 year from which home loan subsidy payments rates are determined. The average house price for the 2018-19 financial year is $41,286 higher than the figure determined for 2017-18.

The Scheme in and of itself, and the making of this determination, promotes the right to just and favourable conditions of work and the right to an adequate standard of living, including adequate housing, for Defence Force members and their families, by recognising the unique nature of service of Defence Force members.

Conclusion

This Determination is compatible with human rights because it advances the protection of human rights.

Elizabeth Sisley – Acting Assistant Secretary, People Policy and Employment Conditions