Australian Government
Department of Veterans' Affairs

Defence HOME OWNERSHIP ASSISTANCE SCHEME

Reserve Service Fact Sheet

The details contained within this fact sheet is particularly relevant to ADF personnel who are seeking information related to reserve service and DHOAS eligibility and entitlement.

Further information is available on the DHOAS website, or you may contact our customer service team on 1300 434 627 or by emailing dhoas@dva.gov.au.

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1. I am a Reservist and I want to access a DHOAS subsidy certificate

As a Reservist, you are eligible to access a DHOAS subsidy certificate after serving four consecutive years of effective service with the ADF and accruing a service credit. You must complete a minimum of 20 days paid service each financial year to be deemed effective for the purposes of DHOAS. Reservists accrue 12 DHOAS service credits once they have completed their 20 paid days of Reserve service within a financial year.

2. How does Continuous Full-Time Service (CFTS) impact my entitlement?

Reservists can fast-track the qualifying period by completing more than six months of Continuous Full-Time Service (CFTS). CFTS periods of more than six months can be completed within one financial year or span across two consecutive financial years. This means that in addition to being recognised for one year of effective service (for completing more than 20 days of paid service within the financial year), you also gain one extra year towards the four year qualifying period.

This special condition does not apply if the CFTS is completed prior to taking a break in service of one year or more (which disrupts your continuity of service).

Once you have completed your qualifying period, any periods of CFTS will not gain another extra year towards your service credit or a higher subsidy tier.

3. I am transferring from Permanent to Reserve or Reserve to Permanent service

A special condition applies if you transfer from the Permanent Force to the Reserves, or vice versa, during your qualifying period. This will also apply if you transfer between service types after qualifying, but before reaching Tier 2.

The years of eligible service you have completed in the Permanent Force will be doubled if you are counting it towards the four year Reserve qualifying period for DHOAS. And the years of service you complete in the Reserves will be halved if you are counting it towards the two year Permanent qualifying period. For example:

- If you have completed one year of Permanent service it will contribute to two years of the four year Reserve qualifying period.
- If you completed one year of Reserve service, it will contribute to 6 months of the two year Permanent qualifying period.

After qualifying, both members of the Permanent Force and the Reserves accrue service credits at the same rate, a year of entitlement for every year of effective service completed.

Combined service can become complex when applied to your DHOAS entitlements, with each case needing to be considered on individual merits. Please contact our customer service team to discuss your unique circumstances.

4. Reserve service and access to subsidy certificates for construction loans

If you are a Reservist, you will only be eligible for one subsidy certificate each financial year until you have completed at least 20 days of paid Reserve service in the applicable financial year. Once you are deemed 'effective' for that financial year, you are able to obtain certificates for the remainder of that financial year.

5. What happens if I do not complete effective service in a financial year?

If you do not complete effective Reserve service, you will be deemed separated from the ADF for the purposes of DHOAS. This will be backdated to either your transfer date, or the end of the last financial year in which you completed effective service. You will not accrue service credit for that financial year.

If you are receiving subsidy payments, this may result in an overpayment which you will need to repay. This will be dependent on your eligible tier level, length of ADF service and loan limit when you first became eligible for DHOAS subsidy payments.

6. What if I discharge from the ADF, transfer to inactive reserves or take leave without pay?

You are able to apply for one final subsidy certificate after discharging or transferring to inactive reserves.

Your eligible tier level may change as a result of your discharge.

- If you discharge or transfer to inactive reserves having served less than 20 years, your tier level is reduced to tier 1.
- If you have served greater than 20 years, your tier level is set at tier 3 for the remainder of your service credit. Please note that your eligible tier level will not always reflect the amount of subsidy payable.

Unpaid maternity leave and leave without pay do not affect your tier level or ongoing subsidy payments, but it will mean that you do not accrue service credit.

7. Rejoining the ADF and/or restarting effective ADF service?

A break in service may have an impact on your eligibility for DHOAS subsidy and result in rejoining provisions being applied.

- Breaks in service of five consecutive years or *less* will not impact entitlement as long as you continue to have a service credit.
- Breaks in service of *more* than five consecutive years will result in the loss of all previously accrued entitlements including qualifying period, tier level and service credit (excludes WLS).

8. What if I have accrued less than 12 service credits as a reservist?

Reservists are required to retain up to 12 service credits before receiving subsidy payments. This is dependent on how many months of service credit you need to support ongoing monthly subsidy payments before you complete effective service within the financial year.

It is important to ensure that you retain enough service credit to support ongoing monthly subsidy payments. If you exhaust your service credits your subsidy payments will cease. Once you have accrued further service credits, you will need to reapply for DHOAS in order to restart your subsidy payments. To avoid a disruption to your subsidy payments, we recommend that you retain a minimum of 12 months service credit to cover any administrative processes.

9. How is Reserve service audited and when does this occur?

All Reserve members who have received a subsidy payment during a financial year will have their service reviewed prior to the end of that financial year. You have until the end of each financial year to complete effective Reserve service. If you are unable to provide evidence that you have completed effective service, you will be deemed to be separated from the ADF and sent a letter to advise the implications on your DHOAS entitlement.

If you are an enlisted member of the Reserve Forces, including as a Standby or Inactive Reserve or on a CFTS contract, you will be included in the review. All Reservists are subject to the same requirements in relation to their DHOAS entitlements.

If you have not completed 20 years of service at the time you are deemed separated, your tier will retrospectively reduce to tier 1 (for the ineffective year). This may result in you having to repay a subsidy overpayment.

Even if you have closed your DHOAS home loan, you are still required to pay back any excess subsidy you received during the financial year that you were deemed separated.

Please let DHOAS know as early as possible if you do not think you will complete effective service so that your subsidy payments can be adjusted accordingly and prevent you receiving an overpayment.

If you have completed over 20 years of service you will not be impacted. However, all members deemed to be separated will have access to only one more subsidy certificate (all DHOAS subsidy certificates are valid for 12 months from the date of issue).

10. Less than 20 years ADF service, how do I reduce the risk of incurring an overpayment?

As early as the start of the financial year you can notify DVA to drop your tier level to tier 1. If it is likely that you will not complete effective Reserve service, you can request that your tier level be dropped to tier 1 for the remainder of the financial year.

When your request is received, your tier will be dropped with effect from that date. Any subsidy payments that have already been paid in excess of tier 1 will be recovered at the time your tier is dropped.

If you have dropped your tier level to tier 1, and you do complete effective Reserve service in that financial year, an underpayment will be paid into your home loan account for the difference in subsidy of what you did receive and what you should have received. Noting that this is only possible where you still have an open DHOAS home loan account.

11. When do I progress through the tier levels?

There are three ways that your tier level will be progressed.

1. Your tier level will be reviewed periodically by DVA
2. During the Reserve Audit
3. You can provide evidence of your effective service in the financial year you are due to progress.

If you have joined the ADF after serving in a Foreign Military, please contact our customer service team to discuss your unique circumstances.

12. What if exceptional circumstances prevented me from completing effective service?

If you were required for duty in relation to your service and unable to serve due to exceptional circumstances, you may apply to the Delegate for a recognition of service as effective service determination. Exceptional circumstances do not include personal choices such as prioritising civilian employment or training, or where you are not required for duty.

Please refer to the DHOAS Recognition of Service as Effective Service Fact Sheet for more information.

13. Privacy and your personal information

Your privacy is important to us. We are bound by the Privacy Act 1988 (the Privacy Act) and the Australian Privacy Principles (APPs). The APPs regulate the handling of personal information by Australian government agencies and businesses under the Privacy Act.

You can obtain more information about the way in which the Department of Veterans' Affairs will manage your personal information the DVA website.

14. Data matching

Information you provide to us may be used for data matching with other government agencies to detect and prevent incorrect subsidy payments and fraud.

15. Appeals and requesting a review of your decision

The *Defence Home Ownership Assistance Scheme Act 2008* (the Act) and *Defence Home Ownership Assistance Scheme Regulations 2018* can be found at https://www.legislation.gov.au/.

Section 71 of the Defence Home Ownership Assistance Scheme Act describes the decisions which are appealable. The decisions and the provision under which the decision is made are:

- To refuse to consider an application for a subsidy certificate (Subsection 15(2))
- To refuse to give a subsidy certificate (Subsection 16(3))
- To vary a subsidy certificate (Subsection 24(1))
- To cancel a subsidy certificate (Section 25)
- To refuse to authorise the payment of subsidy (Subsection 27(2))
- To refuse to authorise the continued payment of monthly subsidy (Subsection 27(4))
- To refuse to make a declaration that an event mentioned in item 1 of the table in subsection 36(1) is taken not to have occurred (Subsection 36(2))
- In a notice under section 43, to state a day for subsidy to stop being payable to a person that is later than the day requested by the person (Subsection 43(3))
- To revoke an authorisation of the payment of subsidy (Subsection 44(2))
- To vary an authorisation of the payment of subsidy (when this Act applies as if a subsidised borrower has not been a member of the Reserves) (Subsection 45(2))
- To determine the end of a period of warlike service (Subsection 48(3))
- To recover a due amount in the way provided by section 68 (Subsection 68(1))
- To refuse to extend the time for making an application for review of a decision (Subsection 74(3))
- A decision under the regulations that is declared by the regulations to be a reviewable decision for the purposes of this section (Section 17 and Paragraph 19(3)(b))

Please Note: All decisions relating to the administration of the Defence Home Ownership Assistance Scheme are made pursuant to the *Defence Home Ownership Assistance Scheme Act 2008* (the Act). Whilst due care has been taken in the preparation of this advice, in the event of any inconsistencies between the information provided herein and the Act, the Act will take precedence.