



Cover plus the Care

A CENTENARY HISTORY OF THE DEFENCE SERVICE
HOMES INSURANCE AND LOAN SCHEMES



PHILIP PAYTON

PLAN.

SCALE:

CIVIL REHABILITATION CENTRE

FOR ADVICE REGARDING _____

1 EMPLOYMENT SERVICE

- (A) *REINSTATEMENT*
- (B) *REVIVAL OF APPRENTICESHIP*
- (C) *ASSISTANCE in FINDING EMPLOYMENT*
- (D) *EMPLOYMENT OF YOUR OWN CHOICE*

2 WAR SERVICE HOMES

3 HOUSING

4 FULL TIME TRAINING

5 PART TIME TRAINING

6 RURAL TRAINING

7 LAND SETTLEMENT

8 LOANS

- (A) *BUSINESS*
- (B) *TOOLS OF TRADE*
- (C) *HOUSING & LAND*

9 LEGAL AID

AFTER DISCHARGE, SHOULD YOU REQUIRE ADVICE
OR ASSISTANCE, CALL AT YOUR LOCAL
COMMONWEALTH EMPLOYMENT OFFICE



An Australian soldier considers the options for his postwar future at the Civil Rehabilitation Centre in Melbourne in March 1946. War Service Homes features prominently among the topics on which advice is available at the Centre.

ACKNOWLEDGEMENTS

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Philip Payton

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INTRODUCTION



The Centenary of the Defence Service Homes Scheme (DSHS) in 2019 is an opportunity to look back over this unique organisation's remarkable and surprisingly complex history. Established initially as the visionary War Service Homes Scheme, part of the vast repatriation effort that strived to provide support for returned service men and women after the First World War, DSHS (as it later became) included from its foundation an important Insurance component, which has remained a distinguishing feature throughout the Scheme's history.

In the hundred years since 1919, the repatriation system has changed almost beyond recognition, although retaining its fundamental commitment to the welfare of Australia's veterans. DSHS too has altered, navigating its way through numerous legislative and administrative changes over the years, including the historic sale of the Defence Service Homes Loans portfolio to Westpac in 1989. Significantly, it was planned initially to include the Insurance component (Defence Service Homes Insurance Scheme, or DSHIS) as part of the Westpac sale, but this aspect of the arrangement was soon dropped. Thus DSHIS remained a distinct but integral element of the Department of Veterans' Affairs (of which it had become a part in 1976). This was partly because DSHIS was (and is) entirely self-funding and not a call on the public purse, and partly a result of its reputation for outstanding service to the veteran community, exemplified in its motto 'Cover plus the Care'.

Since 1989, DSHIS has continued to flourish, with new initiatives further enhancing the products it provides to the veteran and Defence communities today, its reputation correspondingly strengthened, with survey after survey showing high levels of client satisfaction. In its Centenary year, DSHIS remains a vital component of Australia's repatriation endeavour, just as it was in 1919, the recent announcement of a widening of eligibility in 2020 to encompass all those who have served at least one day in the Australian Defence Force increasing still further the number of veterans enabled to participate in the Scheme.

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Lieutenant Colonel James Walker, first War Service Homes Commissioner.

CHAPTER ONE: A SCHEME IS BORN



From the early months of the First World War, it was apparent that a great collective effort by the Australian people would be necessary to bring the nation's servicemen and women home once the conflict was over, and to equip them for their return to civilian life. The Gallipoli campaign in 1915, followed swiftly by the horrors of Fromelles, Pozieres and all the other great battles on the Western Front in 1916 and beyond, emphasised the sheer scale and diversity of the challenge that lay ahead.

At first it was imagined that voluntary effort alone would be sufficient to meet the needs of the returned servicemen and women but it was soon obvious that this would not be enough. Individual state governments began to lend a hand, often in a haphazard way and with little co-ordination between them. Each state, jealous of its independence and its own interests, developed separate policies and there was no attempt at achieving an Australia-wide uniformity.¹ Some states were more generous than others in the extent of support offered to the returnees. This was true across the whole range of 'repatriation' activities, as they were now termed, not least in the provision of housing. In Queensland, for example, where the state government had since 1909 gained considerable experience in the provision of large-scale assistance for civilian home purchase, the existing scheme was extended to returned soldiers and sailors. In New South Wales, by contrast, the state government in 1916 provided more than 100 homes free of charge to permanently incapacitated returned servicemen with dependent children and also to war widows. Western Australia was able to offer some help under its existing *Workers' Homes Act* but perhaps the most imaginative state scheme was that devised by South Australia. Partly designed to encourage enlistment in the Australian Imperial Force (AIF), the South Australian *Advances for Homes Act 1916* promised returnees and war widows help with housing provision. More liberal provisions were introduced in 1917 and 1919, and by June 1920 more than 4,000 applicants had been assisted in various ways, including the erection of 2,300 new homes across the state.²

However, it was soon apparent, in housing as in other aspects of repatriation, that the Commonwealth government would need to intervene if the nation's full resources were to be brought to bear, and if common standards were to be established across Australia. In July 1917 Senator Edward Millen, the Minister for Repatriation, introduced the 'Australian Soldiers' Repatriation Bill' in the Federal Parliament, indicating that he was also developing a separate scheme to provide housing for returned servicemen and their dependents. Millen was acutely aware that Australia was facing a housing crisis. Few new houses had been built during the First World War, despite the population expanding by more than half a million, and house prices and rents had risen steeply. The building industry itself was in difficulty, due largely to the impact of the war, with a shortage of skilled labour and construction materials. Accordingly, hot on the heels of his *Australian Soldiers Repatriation Act 1917*, came Millen's 'War Service Homes Bill', which was duly enacted in December 1918. Its long title informed the public that this was 'An Act to make provision for Homes for Australian Soldiers

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and female dependants of Australian soldiers',³ a task that would fall to a newly created War Service Homes Commission, duly set up in March 1919.

An important element of this new organisation was the War Service Homes Insurance Scheme, as it was then termed. It was explained that: 'Every home provided by the Commission is insured against damage by fire, lightning, flood, and tempest, at nominal rates. It is the only institution in the Commonwealth which accepts the risk of flood and tempest damage'.⁴ Indeed, this was to remain a salient and enduring aspect of the Scheme through its various iterations, including into the twenty-first century in its guise as the Defence Service Homes Insurance Scheme. The initial terms were enshrined in the 1918 Act, and the Insurance Scheme was effectively a not-for-profit co-operative arrangement from its inception, financed by premiums paid by the Homes purchasers and borrowers, with no monetary assistance whatsoever provided by the Commonwealth government.⁵

The Act had also made provision for the appointment of a War Service Homes Commissioner to head the Commission, independent of the recently established Repatriation Commission and Repatriation Department, who would report directly to the Minister. The government's view was that, at least in the initial stages, the new Commission should concentrate on the construction of groups of houses in clusters or estates in anticipation of the flood of applications from servicemen who were already returning to Australia in large numbers. For the time being, the Repatriation Department would collect the burgeoning applications for processing. From the start, the War Service Homes Scheme was an ambitious, indeed visionary project, the Commission in its initial report explaining proudly that: 'Just as Australia was the first of the belligerent countries to introduce and to set into operation a comprehensive and cohesive scheme of Repatriation, so the Commonwealth also took the lead in the definite launching of a Housing Scheme for her sailors and soldiers upon their return from the Great War'. The Commission was also clear that despite its administrative independence, the 'Home Housing Scheme was necessarily an adjunct of the general Repatriation enterprises of the Commonwealth'.⁶

Armed with this clarity of vision, the Commission began work with a sense of impatient urgency. Under the leadership of its first Commissioner, Lieutenant-Colonel James Walker, a Boer War veteran who had also fought at Gallipoli and had later been awarded the Distinguished Service Order on the Western Front, the Commission extended its activities with almost bewildering rapidity. By 1921 the Commission employed more than 600 men, almost all ex-servicemen. Colonel Walker anticipated a building rate of 8,000 homes a year, and reckoned that if that momentum was maintained the existing backlog of available houses would be cleared in about three years, after which demand would fall. Like all those involved in managing repatriation after the First World War, Walker thought that the War Service Homes Scheme would be a temporary affair, and that after about fourteen years it would

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be wound up, its job done.⁷ Nonetheless, as well as providing homes for ex-servicemen, the Scheme was also seen as a useful way of supplementing of Australia's inadequate housing stock, and indeed its provisions were soon expanded to encompass Army nurses and workers in munitions and other war industries.

Anxious to proceed as quickly as possible, Walker sought building contractors who were prepared to tender for large-scale projects of up to 20 or 30 cottages each. To his chagrin, few were able to co-operate, citing the general malaise in the construction industry at the time. When contractors did submit bids, their quotations were often unrealistically high. Likewise, when the Commission attempted to bulk buy large quantities of timber, bricks and other building materials, suppliers could often only offer limited amounts, again at high prices. Desperate times called for desperate measures, and Walker, using his authority under the Act, began to reconfigure his Commission as a vast building supply and construction organisation, taking in hand those tasks that the private sector had failed to meet. To his administrative staff he added architects and building inspectors, and Deputy Commissioners were appointed in each state. When necessary, day-labour was hired to complete specific projects. Large blocks of land were purchased in most of the states between 6 March 1919 and 30 June 1922 – 2,584 acres in New South Wales, 441 acres in Victoria, 875 acres in Queensland, 282 acres in Western Australia, and 133 acres in Tasmania. In his attempt to secure an adequate and reliable supply of timber, Walker also purchased forests and timber mills in Queensland and Victoria. Tile works were acquired in South Australia, as were joinery works in New South Wales, Western Australia and Queensland. A brickworks was leased in Goulburn, and arrangements were made for the direct supply of other construction materials, such as galvanised iron. The Scheme was now by far the biggest housing venture ever attempted in Australia.

Building work continued apace. The very first home constructed under the War Service Homes Scheme, 32 Kennedy Street, Canterbury, New South Wales, was completed by September 1919, the foundation stone having been laid only weeks before on 21 July. The Returned Soldiers and Sailors Imperial League of Australia (later the RSL), thought the new homes 'comfortable, convenient and healthy'.⁸ Their designs were contemporary, incorporating modern methods and current architectural practice. There were no passages, for example, and dining rooms and lounges were combined as 'living areas'. Bathrooms were conveniently situated, and equipped with a bath, wash basin and, in areas where sewage was available, a WC. Kitchens were similarly well-appointed. Small entrance halls were included, and outdoors there was a verandah or porch. Overall, the Commission had prepared some 500 designs and variations, to suit all tastes and locations. In Queensland most of the new houses were made of wood, while those in other states were brick-built.

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32 Kennedy Street in Canterbury, a suburb of Sydney in New South Wales, was the first home in Australia completed under the War Service Homes Scheme. Mr (later Sir) Dennison Miller, Governor of the Commonwealth Bank, laid the foundation stone on 21 July 1919.



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There were, however, criticisms of the Commission's group policy, which clustered houses in estates, with open green spaces added to provide amenity value. Although aesthetically pleasing, and with obvious economies of scale, these groups were thought by critics to unwisely segregate returned servicemen from the wider community. One group at Carnegie in Victoria, for example, had provision for no fewer than 192 new homes. Earle Page, leader of the Country Party, was dismissive of this early attempt at modern town planning, asserting that it was 'impossible to induce returned men to take over many of these group houses. They say that a group of 30 or 40 houses all much of the one type of construction suggests to them an internment camp. They have had enough of war and do not want to be reminded of it'.⁹ Although few would have been persuaded by the 'internment camp' allusion, the group approach was quietly dropped in favour of smaller developments with no more than ten allotments.



The first completed War Service Homes Scheme dwelling - 32 Kennedy Street, Canterbury.

Initially, Millen, as Repatriation Minister, had sought to engage with state savings banks to finance the house building program. But the Commonwealth Bank intervened with its own proposal, and in June 1919 the Bank was appointed to act as the War Service Homes Commissions' agent to deal with individual applicants, making houses available for purchase

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and arranging mortgages, as well as discharging mortgages on properties already owned by returned servicemen.¹⁰ Subsequently, the Commonwealth Bank published an explanatory pamphlet, designed to assist potential applicants. It asked ‘Are you an Eligible Person?’. The straightforward answer was that an ‘eligible person’ was a person who had been a member of the Australian Forces and was employed outside Australia on active service in the First World War (later defined as service between 4 August 1914 and 31 August 1921). But ‘female dependants’ were also eligible. The Bank explained that ‘You are a “Female Dependant” if you are the widow of a deceased Australian Soldier’. Further clarification indicated that an individual might also be classified a female dependent ‘in the case of a deceased Australian Soldier, who was not married, if you are his Mother, provided that you are a widow, and were, prior to your son’s enlistment, dependent upon him’. Additionally, a woman could be categorised as a ‘female dependant’ if ‘your husband is so incapacitated as to be unable to contribute to your support’.¹¹

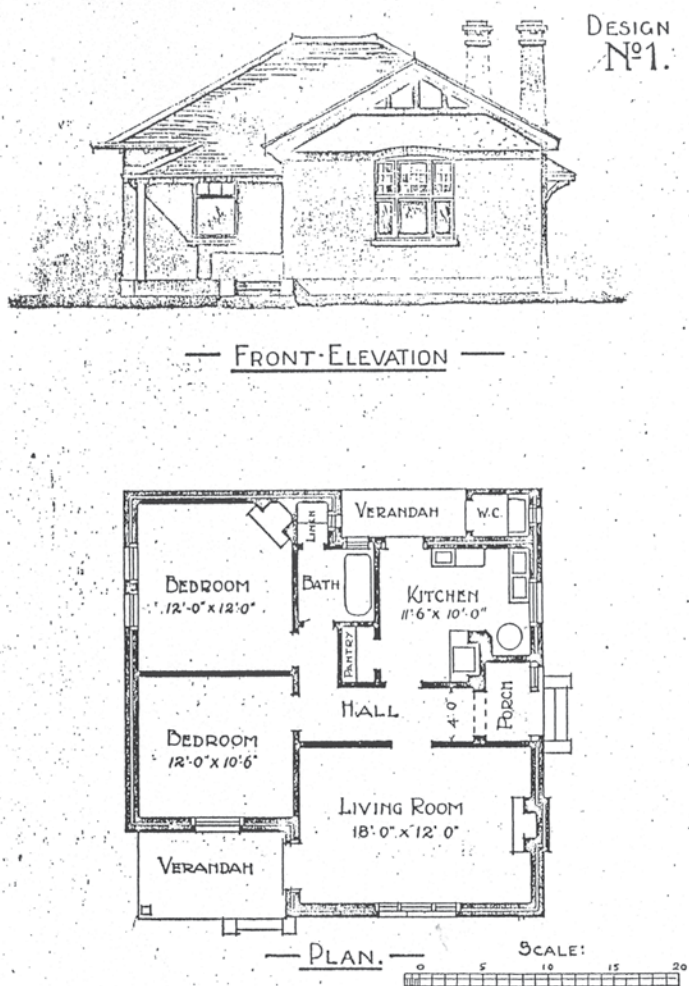
The pamphlet also explained that financial assistance under the Act was limited to £700, and that the total cost to the War Service Homes Commissioner must not exceed this figure: ‘If you want a home costing more than £700, you can have it, provided you can find the amount in excess of that sum’. Similarly, if ‘you own a block of land and wish to erect a home upon it, the Commissioner is empowered to help you, but his help is limited to 90% of the value of the property, and must not exceed £700’. Applicants could also purchase land in a particular locality of their choice, and ‘subject to the land being approved as suitable, arrangements may be made by the Bank to buy the land for you, and to erect upon it your house’. The Bank might also assist in the completion of a partially built property, if an applicant was unable to finish it himself, and, if an eligible person already had an existing mortgage on a house, the Bank might be able to take it over ‘if the Bank is satisfied that it is safe to do so; you to pay the amount off by extended instalments’.¹²

To this helpful advice was added some specific directions. In each state there was a Deputy Commissioner, it was explained, and he ‘will decide as to your eligibility. Having decided that you are eligible, the Deputy Commissioner will issue a Certificate to you. Present this Certificate to the Commonwealth Bank of Australia and your application will be dealt with’. Potential applicants were also advised to contact the secretary of their local Repatriation Committee to ‘Talk to him about your case’ and obtain ‘the necessary Application Form (Form 5)’. Applicants were also assured that ‘architects are devoting particular care to the consideration of climatic conditions . . . if you are living in the far North, the plans submitted to you will be those particularly adaptable to the climatic and other conditions of your country’. Conversely, ‘if you are living in colder districts, you will not be asked to accept a house designed for the tropics’. The aim was to ‘provide good workmanship, good material and every modern convenience possible’. However, there was a warning: ‘The object of the Act is to provide a house in which the homeless soldier may live. Consequently, trafficking,

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dealing and gambling in the War Service Homes is distinctly guarded against, and, in order to protect applicants, careful and full investigation of each case is absolutely essential'. But for those applicants who were successful, the terms were attractive. Anyone borrowing the full £700 available, for example, could pay back the loan over a maximum of 37 years with a monthly repayment to the Bank of £3 9s 5d. A loan of £500 over 20 years could be paid at £3 6s 3d per month.¹³



War Service Homes Scheme 'Design No.1', featured in the explanatory pamphlet produced by the Commonwealth Bank in 1919.

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Each successful applicant was also required to take out home insurance under the Scheme. The surviving Commonwealth Bank War Service Homes Insurance Day Book for Western Australia from 1920-1924, was meticulously kept, each entry recording the collection of premiums from individual householders, made carefully in copper-plate handwriting. The Day Book was an insight into the ubiquity of the Insurance Scheme, and thus of the War Service Homes Scheme itself, evident in almost every suburb of the state capital, Perth: Cottesloe, Subiaco, South Perth, Fremantle, Mt Lawley, Claremont, Nedlands, Bayswater, Leederville, Belmont, Canning Bridge, Como. Likewise in the countryside, the Day Book was testament to the distant reach of the Scheme, and of houses built, purchased or re-mortgaged – in Albany, Meredin, Northam, Pingilly, Cunderwin, Narrogin, Kalgoorlie, Busselton, Guildford, Katanning, Bunbury, Palmyra, Boulder, Broome, Geraldton, Midland Junction. By the year ending 30 April 1923, there were 1,603 insurance certificates in force in Western Australia, with a sum insured of £1,006,607, and annual premiums of £969 11s 6d. For year ending 30 April 1925, the number of certificates in force had risen to 2,095, with a sum insured of £1,395,437, and annual premiums of £1,288 0s 6d.¹⁴

Progress appeared to be impressive, and indeed applications for War Service Homes assistance from inception to 30 June 1921 totalled nearly 39,000, of which some 17,400 had been approved.¹⁵ However, beneath the veneer of success, difficulties were already apparent. At Rose's Estate in Newcastle, for example, land had been purchased on the strength of a valuer's fulsome report, only for it to be found swampy and unfit for human habitation. At Goulburn, new houses built for returned soldiers working in the railway yards had been poorly constructed. *Smith's Weekly*, a journal devoted to the ex-serviceman's cause, reckoned that at Goulburn not 'only has the work been scamped but the bricks used in them will carry double their own weight in water – they're porous as flannel – and when dry will powder up if pressed between fingers'. The weight of absorbed water, it was alleged, had 'cracked the walls and pushed square rooms almost into parallelograms . . . One woman fell through the floor of her kitchen . . . One of the tenants swears that the only things in his house true to specifications are the doorknobs and the grate!'.¹⁶

Moreover, Millen was appalled, when he found out, by the scale of Walker's profligacy. Millen had not been consulted about land purchases, Walker protesting that he had acted within his authority, nor had his approval been sought for the acquisition of forests, sawmills and large quantities of materials. Earle Page, the Country Party leader, complained in Parliament about the stockpiling of construction items by the Commission, claiming that in Sydney enamel baths purchased for the Scheme were being used by schoolboys as wickets for impromptu cricket matches. There was further embarrassment when it was revealed that Commissioner Walker was a former bankrupt, and by now it was clear that he lacked business acumen and was proving a poor administrator. Yet, to his credit, Walker had exceeded his construction targets, imbuing the Commission with boundless optimism, and

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after he was relieved in 1921 the total numbers of home built each year by the Commission declined sharply. For the remainder of the 1920s, the average completion rate under the Scheme fell to just 2,742 a year, although complemented by private builds and the purchase of existing homes.¹⁷

Walker was dismissed in early 1921, to be replaced by Colonel James Semmens as Acting Commissioner. To Walker's demise was added the early termination of the contract with the Commonwealth Bank. Despite the Bank's clear understanding of its role, its relationship with the Commission had not been easy. The division of function, with the Bank focussing on funding for individual allotments and the Commission concentrating on large-scale estate acquisition and development, meant that it was difficult for the two organisations to compare notes and construct a common strategic vision. Unable to work with the Bank, Walker withdrew the contract in June 1920 after only a year, some critics suggesting that he did so because he was anxious to conceal the administrative shortcomings that were already apparent in the arrangement. Taken together, Walker's dismissal and the end of the Commonwealth Bank's contract brought to an abrupt end the early period of perhaps excessive enthusiasm and unrestrained activity. As historian Roger Wettenhall observed, within 'the War Service Homes administration itself the debacle was never forgotten. The early failures were seen by the later commissioners as a "stigma which had to be eradicated at all costs and never to rise again", leading to intolerance of error, frequent re-organisations and dismissals and lowered morale'. However, as Wettenhall was careful to add, 'most of the scars had healed when World War II brought the need for revitalisation and expansion to provide for a new generation of returned soldiers'.¹⁸

CHAPTER 2: BETWEEN THE WARS



Following the departure of James Walker as War Service Homes Commissioner in 1921, and the cessation of the Commonwealth Bank contract in the preceding year, there were renewed attempts to put the Scheme onto a secure footing. Walker had devolved a great deal of responsibility to his Deputy Commissioners in each state, some of whom exceeded their briefs, such as the Deputy Commissioner in Western Australia who had purchased jarrah timber at a high price in excess of his delegated authority, also acquiring a joinery mill for good measure, again without permission. Tasmania, meanwhile, had four Deputy Commissioners during the critical years of 1920-21. The state's administrative procedures were chaotic. In Hobart, stockpiled building materials, in the absence of a central depot, were stored on construction sites, at the main office, and even in an adjoining lane.¹⁹

Under James Semmens' leadership, control was reasserted over the states. Accounting systems were standardised, and administration was largely reorganised. The industrial and manufacturing infrastructure that had been acquired during Walker's regime was sold off, and expenditure was reduced drastically. During the first two years of the Scheme, capital expenditure had been £6 million a year but this fell to £2.5 million for 1921-22. At the same time, resurrecting Senator Edward Millen's original plan, there was a renewed approach to the individual state banks to grant assistance to eligible persons under the Act. The Western Australian Workers' Homes Board and the Tasmanian Agricultural Bank were thus engaged, and in Victoria and South Australia securities were taken by both states' Savings Banks. These were arrangements that would last until the 1950s, and in the case of Western Australia (where the Workers' Home Board later became the State Housing Commission) until 1973. War Service housing in Queensland and New South Wales remained the direct responsibility of the Commission. Most significantly, the War Service Homes Commission was removed from the repatriation umbrella, Ministerial responsibility passing in 1923 from Repatriation to Works and Railways. The War Service Homes Scheme would not return formally to Repatriation until it became part of the Department of Veterans' Affairs in the late 1970s. In 1925, the permanent head of the Works and Railways Department also became War Service Homes Commissioner, Semmens handing over the reins to W.D. Bingle, who in turn handed over to H.L. Walters in 1926.²⁰

Commissioner Walters embarked on something of a publicity campaign to convince the public, not least returned servicemen and women and their dependents, that new life had been breathed into the Scheme. In May 1926, for example, he broadcast a radio lecture on 3LO Station in Melbourne. In his talk, Walters pitched the War Service Homes Scheme as a contribution to Australia's social well-being and political stability:

It has become a well recognised fact that one important factor in the establishment of industrial peace is the satisfactory housing of the workers. Where a worker, whether industrial or otherwise, is the purchaser

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of a home, his interests are fixed, bringing greater contentment and a sense of responsibility to him, his children are given the valuable heritage of healthful [*sic*] surroundings for their upbringing, and he is provided with an asset which must ever be a source of pride to himself and his family ... A contented worker is the best worker, and satisfactory housing is a prominent element in achieving contentment.²¹

The polemic over, Walters continued by rehearsing eligibility. He emphasised that eligibility under the Act encompassed all former members of the armed forces (including nurses), ex-munition and war workers who had proceeded abroad under agreement with the Commonwealth government, members of the YMCA accepted for service overseas, and members of the Merchant Marine who had served in a war zone, together with war widows and 'certain widowed mothers'. The maximum advance had now risen to £800, with interest set at only 5%, the repayment period now dependent on the type of construction – for wooden homes, 25 years; for brick-built homes, 37 years. Exceptionally, for widows and widowed mothers, the terms were stretched to 40 years and 50 years respectively. As Walters pointed out, such repayments were cheaper than rent, so that 'the War Service Homes Scheme is the only one in Australia which is within reach of the average worker'.²²

Warming to his theme, Walters explained that the returned serviceman 'paying gradually becomes the owner of a home, is secure in it, and has a tangible asset which he may realise at any time or leave as a provision for his family, should he be included in the toll of the Reaper'. He was surprised, therefore, that out of the 416,809 enlistments in the Australian Imperial Force (AIF), not to mention other eligible persons, only 28,737 returned men or dependants had so far contracted to buy houses through the Commission. Drawing a veil over the aftermath of the Walker regime, and the consequent loss of confidence in the Scheme, he attributed the slow rate of up-take in recent years to ignorance of the provisions.²³

In particular, Walters wanted to draw attention to the Commission's 'liberal insurance scheme'. As he put it, an 'important though little-known project is the War Services Homes Insurance Scheme', which insured against fire, flood and tempest damage at 50% less than commercial rates. The flood and tempest provisions, he said, were especially beneficial to those 'who have acquired homes in districts subject to periodic heavy storms, such as parts of Queensland and Western Australia'.²⁴ Low premiums and comprehensive coverage, he suggested, made the Insurance Scheme the most attractive in Australia.

The publicity drive continued with the Commission's state branches producing their own explanatory material, such as the pamphlet *Designs of Homes for Selection by Applicants*, published in Brisbane in May 1927 by the Queensland branch. The inherent flexibility of the War Service Homes Scheme was emphasised. 'The designs will be altered to suit the requirements of applicants', it was explained, 'or an entirely new plan will be drawn, or any of

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the numerous plans to which homes have been built will be made be available for selection, and altered as desired'. Moreover, all 'plans are drawn by a staff of architects experienced in cottage construction, and the erection of each house is supervised by inspectors in building construction'. Some of the 'cottages' illustrated in the pamphlet appeared positively palatial, especially those built in the tropical style with their broad verandahs and commanding height. Prices varied, depending on the size of the properties, their geographical locations, and the utilities and services that were available. Plan No 25, its example at Indooroopilly, cost no less than £1,350 but amenities included a rainwater tank and water and gas supplies.

QUEENSLAND.

Plan No. 25.

TIMBER HOME



Erected at Indooroopilly. Cost £1,350.



**Plan No 25 at Indooroopilly, illustrated in the War Service Home Commission
booklet produced in Queensland in May 1927**

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Plan No 36 at Charleville cost £710 and included rainwater tank, water supply, and electric lighting.

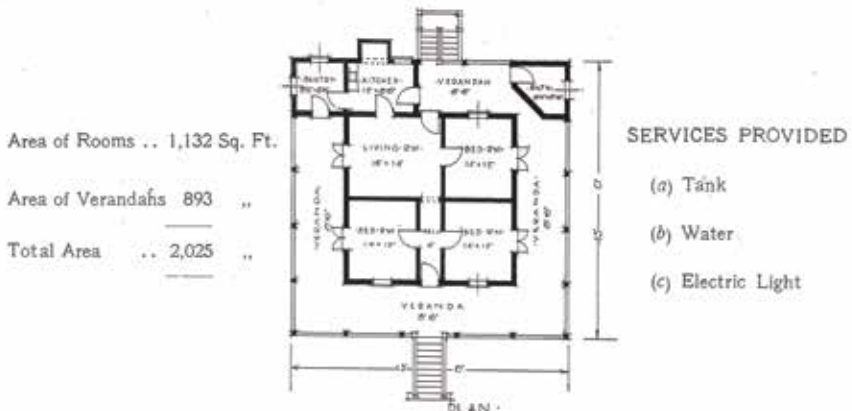
QUEENSLAND.

Plan No. 36.

TIMBER HOME



Erected at Charleville. Cost £710



Plan No 36 at Charleville

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No 49 at Rockhampton was £953 but came merely with rainwater tanks.³⁵

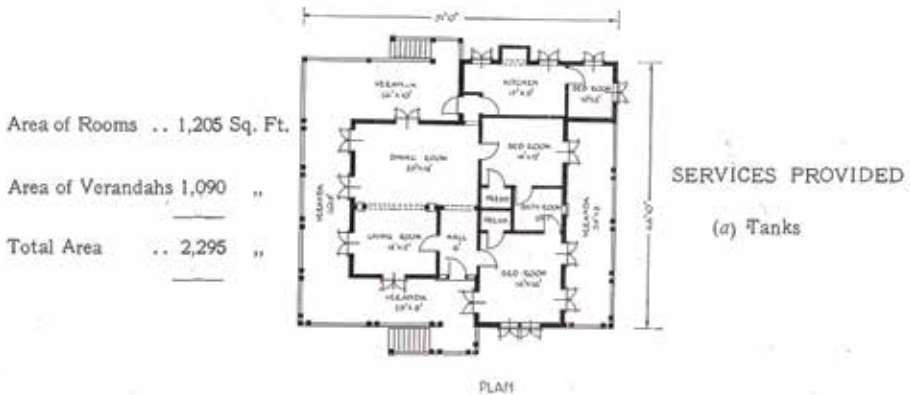
QUEENSLAND.

Plan No. 49.

TIMBER HOME



Erected at Rockhampton. Cost £953.



Plan No 49 at Rockhampton

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An almost identical pamphlet published by the New South Wales branch in January 1928, illustrated a range of homes available in that state, an example of Plan No 34 in suburban Botany costing £930 but including the luxury of water and gas supply, electric lighting, and sewerage.

N.S.W.

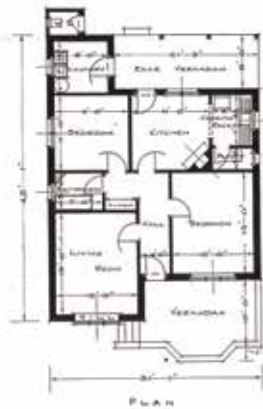
Plan No. 34

BRICK HOME



Erected at Botany. Estimated Cost, £930

Area of Rooms - 1033 Sq. Ft.
Area of Verandahs 373 "
Total Area - - 1406 "



SERVICES PROVIDED

- (a) Water
- (b) Gas
- (c) Electric Light
- (d) Sewerage

Plan No 34 at Botany, illustrated in the War Service Homes Commission produced in New South Wales in January 1928

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Similarly, Plan No 9 at the Sydney harbour-side location of Rose Bay was priced at £925 and included water supply as well as electric lighting but without mains sewerage.²⁶

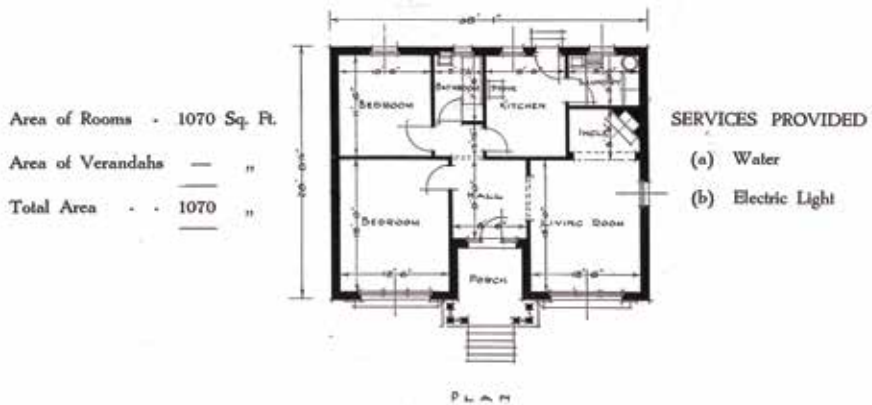
N.S.W.

Plan No. 9

BRICK HOME



Erected at Rose Bay. Estimated Cost £925



Plan No 9 at Rose Bay

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However, by 1928 the activities of the Commission were already being affected by a slowdown in the building industry, exacerbated by rising costs and industrial unrest. There was worse to come. As the Depression hit Australia in 1929, so many War Service Homes clients were faced with the prospect of losing their jobs or at least experiencing a severe reduction in income. In some cases, individuals could not keep up their monthly payments and fell into arrears. Some simply walked away from their homes. Meanwhile, the amount allocated to the Commission by the government for capital expenditure decreased dramatically. In 1929-30 the Commission received £1,154,000, already well below the previous two years, and by 1931-32 the allocation had fallen to a tiny £31,000. Not surprisingly, no new building loans were sanctioned by the Commission until 1935, when conditions began to improve.²⁷

By June 1932 re-payment arrears had reached £432,000, or 3.4% of instalments due, and climbed to a peak of £929,000 in June 1936, some 4.78% of instalments due. The number of homes that had reverted to the Commission and were awaiting resale stood at 150 in June 1929 but had climbed to an alarming 2,776 by June 1936. A government committee was appointed in 1932 to inquire into the circumstances of those people unable to meet their repayment commitments. It found that the Commission had been sympathetic in response to individual hardship, carrying those in arrears for as long as possible, and observed that the situation might have been a good deal worse if employers had not given preference to returned servicemen. Nonetheless there were harrowing tales of distress: 'Poignant stories of desperate struggles to balance domestic budgets with depleted incomes, were told to the Committee'.²⁸ For example,

'B' is a carpenter who has been unemployed for over a year. He has a wife and four children to support. The eldest girl earns 15s per week. When he acquired his home about ten years ago, at a cost of £785, he was earning £6 3s 4d per week. His monthly instalment is £4 12s 6d, and he has to pay insurance £1 19s 6d per annum . . . He is about twelve months in arrears in his payments to the Commission, and, even if he could get work, he could not meet his commitments. He and his family are subsisting on Government sustenance (14s 6d per week) and his daughter's small earnings.

'E' is a wood machinist who has been out of work for two and a half years. He has a wife and two children to support. His home was acquired in 1919 and the monthly instalment payable is £3 10s 11d. He is not in arrears having kept up his payments by means of savings, including his war gratuity and a lump sum awarded as compensation for the loss of two fingers in an industrial accident. He says he can keep up payments for a few months longer, when the whole of his savings will have been used up. He will then be quite unable to pay anything.

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‘F’ is a labourer who has been unemployed for two years, save for intermittent work. His monthly instalment is £3 11s 4d, but he is quite unable to pay it as he has a wife and five children, the eldest of whom is ten years of age, and he and his family are living on sustenance granted by the Government. His arrears are £60, and increasing, and he sees no hope of paying them off, even if he obtained work.²⁹

Responding to this grave situation, so different from the rosy picture Commissioner Walters had painted only a few years before, the committee recommended that where a purchaser or borrower was unable to pay his monthly instalments, his contract of sale or mortgage was to be extended to a maximum of 45 years and his arrears capitalised accordingly. Instalments could be reduced to 20% of an individual’s income, it was argued, with further reductions made where the income was less than 65s a week. All payments might be deferred if a client’s income was under 42s 6d per week. Where a purchaser or borrower had had to give up his home, the committee suggested, he should be given the opportunity to acquire another property. Later, a Relief Trust Account, with an initial amount of £5,000, was also set up to reduce hardships suffered by widows or widowed mothers, and to support the wives of returned soldiers temporarily or permanently insane.³⁰

The government accepted most of the committee’s recommendations, and in doing so managed to alleviate the worst of the distress experienced by the Commission’s clients. Indeed, by the end of 1932 the period for the repayment of loans had been further extended to 45 years and to 50 years for widows. In 1934 came the first glimmers of economic recovery, and in 1934-35 the Commission resumed the granting of home loans, with 993 loans being approved. Nonetheless, the Commission’s activities between 1935 and the outbreak of the Second World War in 1939 were but a pale shadow of what had been achieved in the early 1920s during the chaotic but exhilarating Commissionership of James Walker. Yet the Commission, with government guidance, had responded well to the crisis of the Depression years, enhancing its reputation and restoring the public’s faith in its managerial competence.

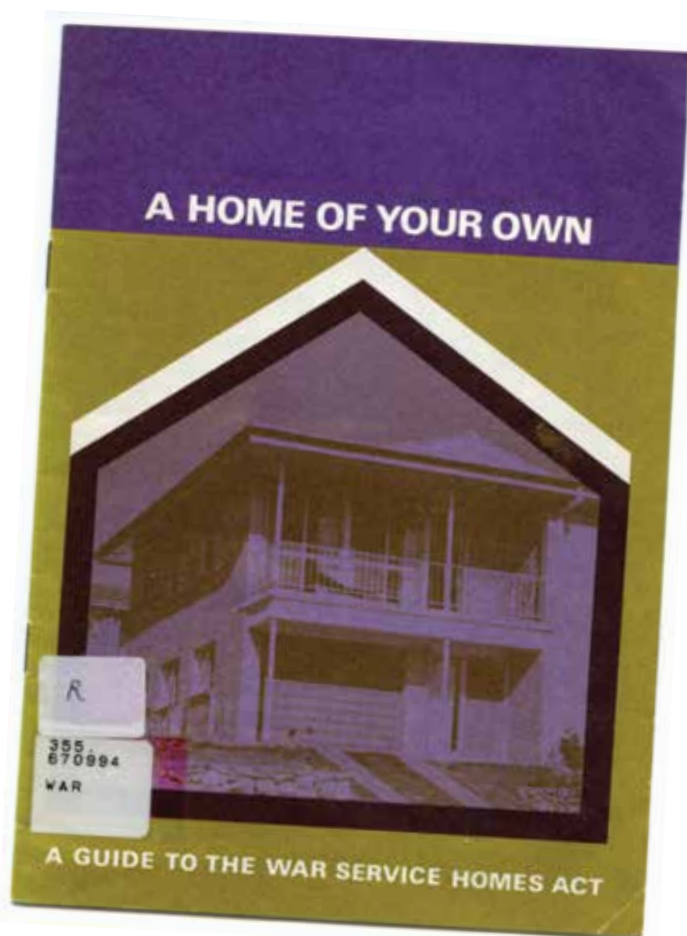
However, the conventional wisdom now, firmly held across the political spectrum, was that most of the returnees from the First World War had by now already taken up their entitlements or had found other types of accommodation within the housing market. In May 1936, J.H. Richardson was appointed Commissioner, and in February 1937 the Commission’s central administration was moved from Melbourne to Canberra. Yet the War Service Homes Scheme appeared to be on borrowed time, only occasionally granting new loans and being concerned mainly with the administration of the large number of outstanding accounts.³¹ It appeared that James Walker’s prediction, made in 1919, that the Scheme would sooner or later expire (he had reckoned after 14 years), once its task was completed, was about to come true. But no-one could have foreseen the impact on the Scheme of the looming Second World War.

CHAPTER 3: THE SECOND WORLD WAR AND BEYOND



Initially, the outbreak of the Second World War in September 1939 added to what appeared to be the increasing marginalisation of the War Service Homes Scheme. The economy was swiftly put on a war footing, with few resources available for new housing projects, such construction as there was being for the accommodation of workers employed in the war materiel factories that sprang up across Australia. In such circumstances, the role of the War Service Homes Commission was reduced largely to one of caretaking, especially in dealing with the residual stock of housing that had reverted to the Commission during the difficult Depression years.

Despite earlier assumptions that the demand for Commission houses from ex-servicemen and women and their dependents had more or less dried up, a housing shortage that grew in severity as the war progressed ensured that the Commission was able to sell off many of the homes that had reverted in the late 1920s and 1930s. The number of properties remaining unsold at 30 June 1939 had been 1,441 but this was reduced to 418 by 30 June 1945, as the war drew towards its close. Sale of this outstanding stock could have been achieved easily, given rising demand, but these houses had already been leased to otherwise homeless tenants, and these tenancies were allowed to stand.³² Meanwhile, between 1940-41 and 1944-45 a paltry 23 houses were constructed, a measure of the lack of resources available to the Commission.



'A Home of Your Own: A Guide to The War Service Homes Act', produced after the Second World War to inform and advise a new generation of veterans

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Additionally, it had become obvious early in the war that the existing cohort of veterans from the First World War would shortly be joined by a second wave from this renewed global conflict. Far from withering away, as Walker and others had expected, the War Service Homes Commission was confronted with an ever-expanding task. In anticipation of a surge in demand for housing and insurance for this new generation of returned service members, the *War Service Homes Act* was extended in April 1941 to accommodate those who had served overseas during the Second World War. Service members were generally discharged earlier, and in greater numbers, than during the First World War, and they contributed to soaring demand for homes even before the war's end. General demobilisation in October 1945 added further to the clamour for new homes. The number of applicants on the waiting list at the end of the war was almost 5,000, and it was estimated that as many as 800,000 returnees were potentially eligible to apply for a home under the Act, now that it had been extended, a daunting prospect indeed. Literature produced for returned service members promised home loans of up to £950 (the new limit) but in reality returnees were met with long and growing waiting lists. Desperate returned service members placed advertisements in the press, searching for any kind of accommodation. For example, one Royal Australian Air Force (RAAF) veteran who was living in a Melbourne sleep-out, asked: 'Have you a self-contained furnished or unfurnished flat, maisonette, house, half-house, caravan, house-boat, or Bourke Street tram to let for my wife and myself?'.³³

Such demand placed almost intolerable strain on the staff of the Commission, which at that time consisted of one Commissioner, six Deputy Commissioners, six architects, two works inspectors, 123 clerks and 27 typists. Expanding the establishment proved difficult, and the Commission found it hard to recruit and retain suitably qualified technical staff. Waiting lists were compiled on a first-come-first-served basis, although preference was to be given to special cases, such as those ex-service members who had been blinded on active service or were suffering from other war-caused disabilities or could demonstrate pressing need. This approach was formalised in 1947 with the introduction of a points system which took into account a returnee's disabilities as well as his or her comparative need for a home. Maximum points were awarded to war-blinded ex-service members, the next highest priority being double amputees, others being categorised according to the assessment of the Repatriation Medical Officers who examined such cases. Lower priorities were determined by the family circumstances of the applicant, an applicant with a wife and children, for example, being given priority over a married applicant without off-spring. It was a system which worked well enough in the immediate post-war period, and it remained in operation until 1953 when there was reversion to the simpler method of dealing with applications in order of the date of lodgement.³⁴

In an attempt to meet the burgeoning demand, £912,000 was allocated to the War Service Home Scheme in 1945-46 but the Commission managed to expend only £400,000 of this amount. Similarly, in 1946-47, the Commission spent just £2 million of the £3.5

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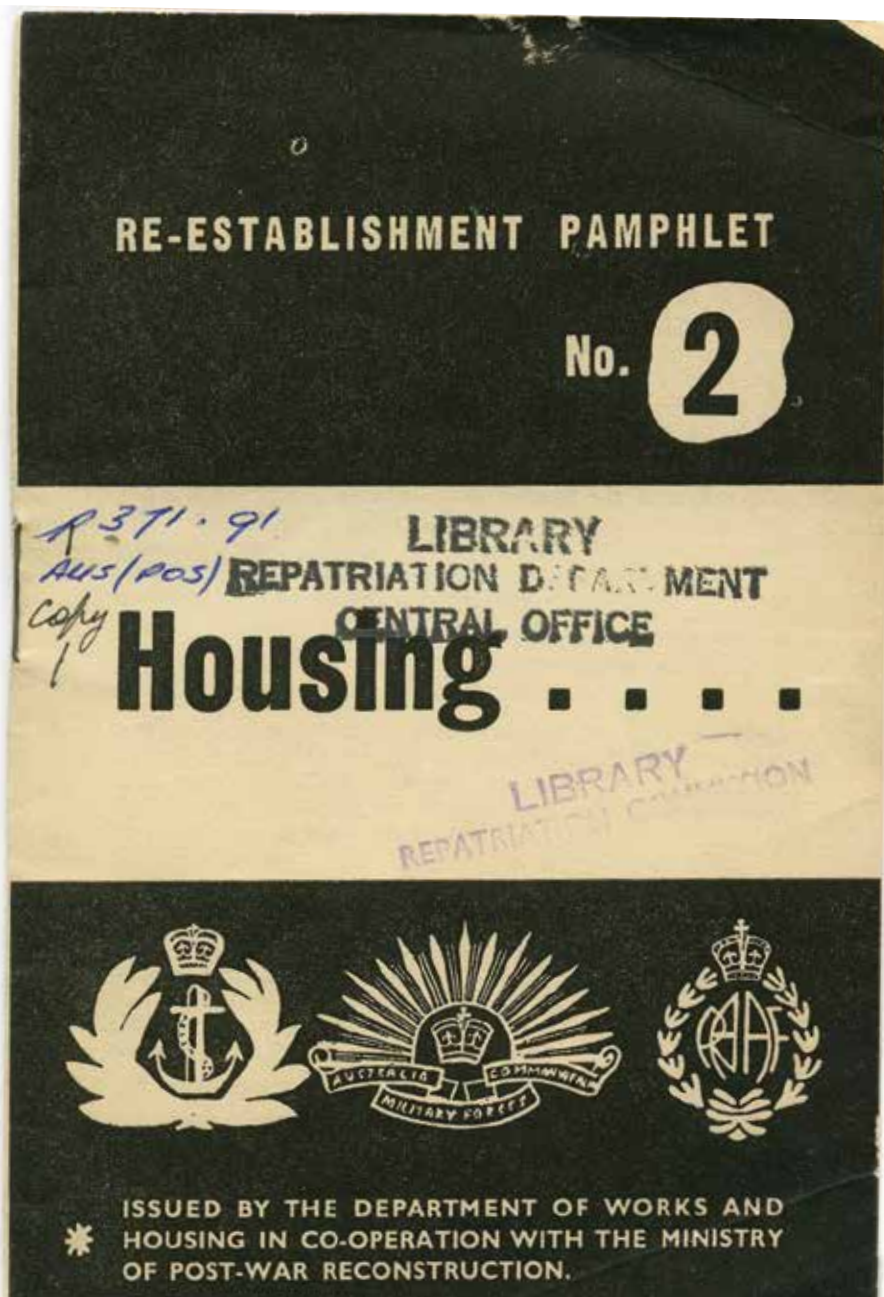


million allotted. The shortfall in expenditure was largely a result of a shortage of building materials and difficulties in the building industry, a situation not unlike that experienced by the Commission when it was first set up in 1919 in the aftermath of the First World War. There was a dearth of skilled tradesmen, notably plumbers and tilers, and, as before, contractors were reluctant to tender, and when they did bid their quotations were often unrealistically high. Shortly after the war, the Commonwealth government relinquished its wartime control over building permits and the distribution of materials, handing this responsibility to the states. But this devolved management hardly helped matters. By February 1946 a full 85% of building materials in Australia was being allocated for housing construction but 64% was used for Commonwealth and individual state rental building programs, leaving just 21 % to be shared by the Commission and the general public. The Commission did what it could to secure its fair share of materials available, appointing technically qualified liaison officers in New South Wales, Victoria and Queensland to assist contractors and applicants with the procurement of building items and the completion of contracts. In this way, various agreements were made by the Commission's representatives with individual suppliers for regular quotas of certain types of building materials and for the purchase of bulk supplies, principally for roofing, intended for re-sale to contractors at cost. Additionally, quantities of steel, tiles, nails, baths, sinks, stoves and galvanised iron were imported from overseas. Not all was of sufficient quality, however, and some of the stoves and baths had to be disposed of.³⁵

A further difficulty was the acute shortage of technical staff, especially draftsmen and architects to prepare plans and specifications and to supervise the construction of houses arranged by the Commission. Prior to 1946, all such work had to be carried out under the direct supervision of the Commission's technical officers. Subsequently, however, it was decided to introduce what became known as the 'special advance scheme' in which any applicant prepared to employ his or her own architect or builder would be accorded priority in the granting of a War Service Homes loan. Although this priority was discontinued in 1947, the private build scheme itself was judged a success, alleviating the pressures placed on the Commission's own staff and expediting the construction of new homes.

By 1947 it was recognised that the difficulties and inherent complexity of the post-Second World War building industry and housing provision services necessitated a new approach. In an attempt to co-ordinate all its housing activities, therefore, the government created a new Department of Works and Housing in June 1947. The War Service Homes Commission was re-invented as a Division of the new Department, its staff transferred to the Commonwealth Public Service, and the Commissioner was retitled Director of War Service Homes. The new administrative arrangements proved an almost instant success, and under its first Director, Sydney Lucas, who remained in office until August 1959, the War Service Homes Scheme was about to enter an era of renewed energetic activity.³⁶

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'Housing . . . Re-Establishment Pamphlet No 2', a guide for veterans issued by the Department of Works and Housing after the Second World War in co-operation with the Ministry of Post War Reconstruction [Repat p.57]

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Additionally, a separate Soldier Settlement Commission had been established in 1945, following a new soldier settlement scheme devised by the Premiers' Conference in October 1944. Initially it was agreed that New South Wales, Queensland and Victoria would be the scheme's 'principal' states, assuming the major financial and administrative responsibilities, while the other states would become 'agents', the Commonwealth meeting most of the costs and undertaking the administration. Eventually, the War Service Land Settlement Scheme, as it was known, provided farms in every state for about 12,000 returned soldiers. Compared to the disastrous soldier settlement scheme implemented after the First World War, this new initiative proved far more successful, with a much smaller failure rate, and part of the reason for this enhanced performance was the greater attention paid to matters of amenity and infrastructure. A significant element of this was the spacious, modern and well-designed homes located on settlement properties. The Soldier Settlement Commission engaged the Melbourne architectural firm Buchan, Laird & Buchan to produce drawings, including their ubiquitous 'New Farm House Type', for comfortable and well-appointed homes which made a major contribution to the housing of returned service members after the Second World War.³⁷

Meanwhile, under Sydney Lucas' leadership, the War Service Homes Division had made considerable progress. The statutory limit on home loans provided under rent-purchase arrangements was now £1,750, with a £1,500 ceiling for advances secured by mortgage. To deal with the rapid rise in costs apparent by 1947, the Division devised a 'rise and fall provision' to assist contractors otherwise reluctant to tender, so that all building contracts would now include a clause to deal with variations in wage rates and the cost of construction materials during a particular contract period. However, this mechanism was only partially successful, as many contractors remained reluctant to tender, and the accommodation of rising wages and material costs within contracts made for more expensive houses, which some applicants struggled to find finance for.

Interestingly, in a case of 'what goes round, comes round', in 1947-48 the Division returned to the 'group' building practice which had been largely discredited in the 1920s. By now there was some improvement in the supply of semi-skilled and unskilled workers available for building work, and the Division was able to draw upon technical staff elsewhere in the Department of Works and Housing to help undertake these larger-scale enterprises. At the same time, steps were taken to purchase further land to meet the demand of the group building program, and over the next five years an additional 12,000 additional lots were acquired. Initially the program was slow to get off the ground – only 222 homes were built in its first two years of operation – but later success was spectacular, more than 10,000 houses being completed by the end of the 1950s, when Lucas retired from the Directorship.

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During the period 1946-1949, the War Service Homes Division displayed considerable initiative, experimenting with new methods and often resorting to improvisation in order to overcome shortages of staff and materials and the continuing hesitancy of contractors to tender. For example, the Division now actively encouraged schemes in which groups of applicants, who would themselves provide the labour, worked together in co-operative building ventures. In some cases, the Division prepared plans and specifications to be used by groups of applicants in making their own arrangements with contractors to build group homes on land they themselves had purchased, the Division providing supervision as well as finance. There was also an experimentation with prefabrication, which lent itself to applicant self-help, especially when skills and materials were scarce. In 1947 the Division erected a demonstration 'prefab show house' produced by the Beaufort Division of the Department of Aircraft Production. The housing unit was made with an outer skin of pressed steel and a metal roof. Later, pre-cast concrete units were also made available, as were some factory-produced weatherboard construction homes.³⁸

By now building rates were improving. The number of building contracts let by the Director in 1948-49 – 4,519 – was the highest for any year since the inception of the Scheme in 1919. Yet applications were still flooding in at a higher rate than homes could be provided. In June 1949 the maximum loan was again increased, rising to £2000 for both rent-purchase and mortgage arrangements. By the end of the year, the number of War Service Homes provided since the inauguration of the Scheme now stood at over 50,000, an impressive achievement given the extreme difficulties which had been experienced in both the pre-war Depression years and the aftermath of the Second World War.

However, despite the success of the War Homes Service Division in its Department of Works and Housing guise, the incoming Menzies government in 1949 transferred the Division to the Department of Social Services, where it remained until 1956 when it was switched to the Department of National Development, and later still in 1964 when it was incorporated within the Department of Housing.³⁹ A national coal strike in 1949 caused some disruption, including a renewed shortage of key materials, and there were delays in the provision of bitumen roads and water, electricity and sewerage supplies. Nonetheless, with Sydney Lucas at the helm, each difficulty was addressed in turn, a 'can-do' spirit of optimism pervading the Division. There were helpful changes in the building industry, as sub-contracting for particular trades, such as bricklaying, became the norm, and productivity rose as a result. The arrival of large numbers of skilled and semi-skilled migrants from continental Europe, alongside the more traditional flow from Britain and Ireland, added substantially to the pool of available labour, complemented by the steady recruitment of local trainees. New techniques were also introduced. The use of ready-mix concrete became widespread, and greater use was made of factory-made standardised windows. Construction became more mechanised, as in the extensive use of earth-moving equipment.⁴⁰

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Previously, the provision of basic services had tended to lag behind the construction of houses, to the frustration of both the applicants and the Division itself, but by the early 1950s the situation was reversed. Applicants' expectations were now greater than before, demanding a higher standard of finish and amenity. However, one consequence was an increase in the price of land, as developers were required to contribute towards the costs of providing basic services. To this was added the general effects of inflation, a by-product of 1950s prosperity in Australia, a sharp rise in both prices and incomes affecting the building industry. An early consequence was that the maximum loan for new properties was raised in December 1951 to £2,750. At the same time, eligibility for War Service Homes was extended to those who had served in Malaya and Korea, which led to a new flood of applicants, setting a precedent for later extensions when the Act was again amended in 1962.⁴¹ In 1954 the Act was also extended to include Norfolk Island and the Territory (as it was then) of Papua and New Guinea.



Timber-framed home erected by the War Service Homes Division, Victorian Branch, at Lot 61-62 Angas Street, Ringwood, Victoria, completed in September 1954 [a Homes Built by War Services Homes Division, Victorian Branch]

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War Service Homes expenditure on the provision of new homes had reached an impressive £16 million in 1949-50, a huge jump from the £2 million of 1946-47, and climbed again to £25 million in 1950-51. These increases were reflected in the numbers of homes provided, which rose from 2,508 in 1946-47 to 10,527 in 1949-50 and 15,579 in 1950-51. Numbers climbed again to 15,817 in 1951-52, despite the discontinuation now of assistance in the discharge of mortgages on second-hand homes and the introduction of a waiting period for finance to purchase second-hand properties. In 1953 the waiting period was extended to include all applications for finance for new homes, one means of trying to manage the excess of demand over supply that still characterised the Scheme. To ameliorate the frustration and disappointment that many approved applicants felt when they were told that they were on a waiting list, the Division furnished letters indicating the approximate dates when finance would be made available. These letters could then be used by applicants to obtain bridging loans to allow construction work to start but such loans proved expensive, and also incurred additional legal charges. Some applicants were deterred by these extra costs, preferring to wait their turn on the waiting list, but others thought the additional expenditure a fair price to pay for starting their homes earlier and for spending less time in expensive rented accommodation. In June 1966, however, the backlog at last having been cleared, the waiting list was abolished, and applicants were no longer required to make such fine judgements.



Timber and brick veneer home erected at Beaumaris, Victoria, in 1954 by the War Service Homes Division, Victoria [Homes Erected by War Service Homes Division, Victoria, June 1955]

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During the 1960s, the rate of applications declined overall, although there were fluctuations in demand, especially after the Act was amended in 1962 to expand eligibility to include ex-service members who had undertaken 'special duty' in a prescribed 'special area'. Subsequently, Malaya, Borneo, Sabah, Sarawak and South Vietnam were at various times deemed 'special areas' within the meaning of the Act. For the Division's staff, the decade continued to be one of relentless and committed activity, the mood of which was captured in the 'seasonal message' from Alan F. Jack, Deputy Divisional Commissioner for Victoria, who wrote in December 1960 that the 'very nature of the Division's activities based, as they are, on an acute and high priority need of a particular section of the community should and I feel, does, inspire each member of the staff to a maximum effort'.⁴²



Timber-framed home erected by the War Service Homes Division, Victoria, in 1952 at East Brighton [Homes Erected by War Service Homes Division, Victoria, June 1955]

Following the elimination of the backlog in 1966, there was a decline in the number of homes being provided but in 1968-69 total applications still exceeded 7,000. In the ten years from 1 July 1959 to 30 June 1969, just over 108,000 applicants had been assisted to become home owners under the Scheme, and the number of homes subject to loans under the Act had increased from 130,000 to 186,000. By March 1969, when the War Service Homes Scheme was 50 years old, more than 280,000 homes had been provided – almost 10% of the total housing stock in Australia. It was an achievement of which the Division was justifiably

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proud. Reflecting on the post-war era, the Division observed that ‘the period since 1945 has not been free of anxiety, but the economic and social prospects of the nation have brightened immeasurably. The War Service Homes Schemes has played an important part in the improvement of the living standards which have occurred’.⁴³



An artist's impression, circa 1969, of the Cromer Estate planned by the War Service Homes Division for construction at Narrabeen Lakes, Sydney. The new estate was to consist of 121 lots, with roads and services provided [Jubilee volume p.21]

Alongside its consideration of the ‘tremendous task in administering the 185,986 homes still subject to loans under the Act at 30 June this year’, the Division in 1969 paid particular tribute to the War Service Homes Insurance Scheme, which had underpinned the Division’s efforts since 1919. ‘This is probably the largest home insurance scheme in this country’, the Division reported, ‘with more than 196,000 homes insured for a total amount in excess of \$1,600 million. The number is increasing with every new loan made ... As always during its half-century of life, the War Service Homes Scheme is there ready to assist the ex-serviceman and his dependants’.⁴⁴ As the Division recognised, throughout periods of constant change, not least in the quarter-century since the end of the Second World War, the War Service Homes Insurance Scheme had played a key enabling role in the provision of affordable housing for veterans and their dependents, its competitive policies well within the reach of most pockets.

CHAPTER 4: WHITLAM TO WESTPAC: TWO DECADES OF UPHEAVAL



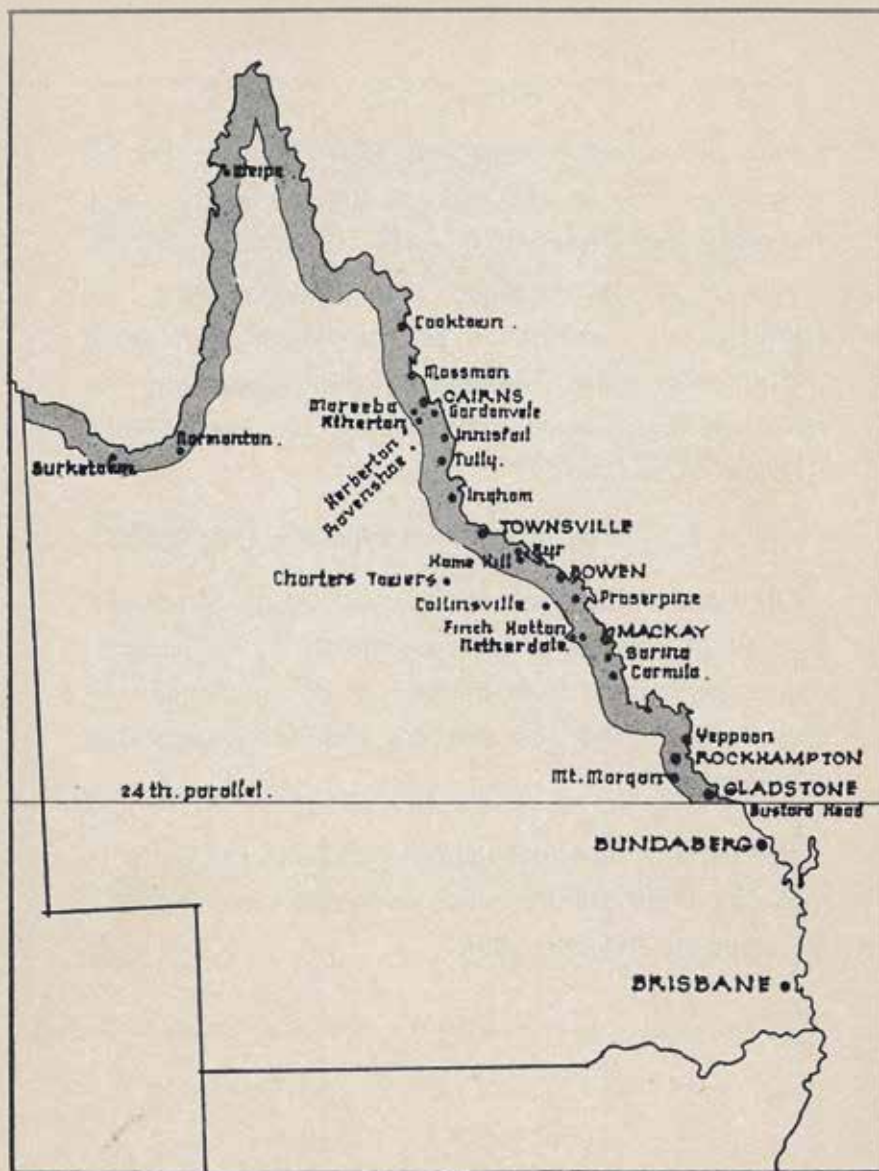
During the 1972 general election campaign, the Australian Labor Party (ALP) had unveiled a raft of proposed measures designed to enhance the pay and conditions of serving members of the Australian Defence Force (ADF). A significant element of this was an extension of the eligibility for War Service Homes to members serving in peacetime. Part of the rationale for this initiative was the desire to end compulsory National Service, and to make voluntary enlistment correspondingly more attractive. There was also a sense that, due to the peripatetic nature of service life, service men and women and their families were at a disadvantage in acquiring a permanent home when compared to other sections of the community.⁴⁵

When the Whitlam government was elected in December 1972 and duly took office, one of its early measures was the amendment of the *War Service Homes Act* to fulfil the ALP's campaign promise. The Act itself was renamed the *Defence Service Homes Act* in May 1972, and its provisions were extended to include service in peacetime forces as qualifying service for service housing. An important caveat was that this applied only to members of the ADF who served on or after 7 December 1972, with qualifying periods of three years' service for members of the regular forces and the prescribed period of engagement for National Service members who voluntarily chose to complete their service, compulsory service now having been abolished.⁴⁶

Among other changes introduced by the Whitlam government was the abolition of the previous requirement that nurses and other female members of the armed forces should have a dependant before they became eligible for a housing loan. Conversely, a previously cancelled provision permitting the discharge of an existing private mortgage was re-established for applicants who were TPI (Totally and Permanently Incapacitated) or had been blinded by war service. An increase in the maximum loan to \$15,000, at the same time as the substantial expansion of eligibility, led to a leap in demand, and a waiting period of about eleven months was re-introduced. As before, approved applicants were able to obtain bridging loans to expedite the construction of their new homes, enabling them to start work before having reached the top of the waiting list for loans.⁴⁷

A major challenge for the Scheme in northern Australia in the 1970s was the growing appreciation that extreme storm conditions and other climatic variables posed an increasing risks to homes in certain areas. In an initiative strangely prescient, which seemed almost to anticipate the near destruction of Darwin in the neighbouring Northern Territory in Cyclone Tracy in November 1974, the Queensland branch of the Defence Service Homes Scheme published its booklet *Acceptable Standards of Construction* in 1973. The booklet began with a 'Warning: Eligible persons who intend to have houses erected by means of finance provided under the Defence Service Homes Act are warned that they should not enter into any commitment until they have consulted with Defence Service Homes . . . and received approval for their particular approvals'. Accompanying this stern directive was a map of the

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The Cyclone Area of northern Queensland, depicted in the booklet *Acceptable Standards of Construction*, published in 1973 [booklet produced by Qld branch of DSHS 1973]

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Cyclone Area in northern Queensland, a belt to the depth of 50 kilometres running all along the east coast north of the 24th parallel (just south of Gladstone, near Bustard Head) and the rest of littoral Queensland to the Northern Territory border. Here a particular set of new standards was to be applied (and enforced), and an exhaustive list of technical specifications was supplied, ranging from the use of ‘Cyclone Rods and anchor bolts’ to instructions on ‘Cyclone Construction for rafters’. There was also advice on stormwater management and an insistence that: ‘Ground under concrete MUST be effectively poisoned against termite infestation ... Certificate for such treatment by an approved firm to be lodged with the Lending Authority’.⁴⁸

More generally, the maintenance and upkeep of properties was a continuing concern, not least for insurance purposes, with regular inspections carried out by the Scheme’s officials. In May 1973, for example, inspectors wrote to ‘DM’ and ‘RM’ at their home in Swan Hill, Victoria, informing them ‘that inspection of your property reveals that items of repair listed hereunder require attention’. The offending items were barge-boards over the front eaves and the front verandah posts, all of which needed repainting. Additionally, it was noted, the bathroom ceiling was in need of a lick of paint. In case the complaints seemed trivial, the inspector added: ‘You will appreciate that under the terms of your agreement the completion of repairs is your direct responsibility, and you are required to have the work carried out’.⁴⁹ The efforts of the inspectors did not slacken with the passage of the years. In November 1991, for example, after rules governing insurance had changed, the State Manager in Victoria wrote to a house-holder in Aspendale, explaining that ‘a random inspection of your property has revealed that your home is in a very poor condition and in need of major maintenance repairs and as such is an unacceptable risk, therefore, renewal of the policy will not be invited’. In the following month, an inspector recorded that ‘I visited the above property during my calls in the Cheltenham and it was found to be very substandard’. In particular, a leaning fence was deemed to be creating a public liability risk: ‘I attempted to contact the applicant but there was no answer at the door. If it were not for a car in the driveway this property shows all the signs of being vacant’.⁵⁰

By 1973 the Defence Service Homes Scheme was being administered as part of the Department of Housing and Construction, while the insurance component, now labelled the Defence Service Homes Insurance Scheme (DSHIS), was, somewhat curiously, placed under the control of the Minister of Repatriation and Compensation.⁵¹ This arrangement survived until 1975 when the Defence Service Homes Scheme was transferred briefly to the Department of Urban and Regional Development (DURD). At the same time, an Australian Housing Corporation was set up, which in turn was absorbed into the DURD, in June 1975 taking devolved responsibility for the Scheme. A.M. Ramsay, chairman of the new Corporation, considered ‘that the scheme is not widely understood’ and commissioned a review which, as well as being prepared for the Corporation’s own internal information, ‘could well be of

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interest to those with an interest in housing and in programs for ex-servicemen'. The review, published in 1976, covered the nature, history and operations of the Defence Service Homes Scheme, and Ramsay believed that making 'it available at this time is particularly appropriate in view of the current debate on housing policy and the consideration being given to the future administration of the scheme'.⁵²

In fact, the Australian Housing Corporation, and the DURD of which it was a part, was already on borrowed time, the Whitlam government having been defeated in December 1975, and it was abolished swiftly thereafter. The Defence Service Homes Scheme was then transferred briefly to the new Department of Environment, Housing and Community Development, before becoming part of the newly constituted Department of Veterans' Affairs (DVA) (formerly Repatriation Department) in 1976. At long last, the Scheme had 'come home' to the world of repatriation, where it had started out more than half a century before, after many years of itinerant wandering between different governmental departments.⁵³

A measure of the turmoil and 'churn' experienced by the Scheme in the mid-1970s, was the fact that the Australian Housing Corporation's annual reports for 1974-1975 and 1975-1976 were not published until June 1978 and November 1978 respectively (the *Australian Housing Corporation Act 1975* having already been repealed), appearing then under the signature of the Secretary to the Department of Veterans' Affairs (DVA).⁵⁴ It was significant that in both reports, devoted as they were to the activities of what was now designated the Defence Service Homes Corporation, the Defence Service Homes Insurance Scheme (DSHIS) was presented as a visibly distinct component of the Corporation's business. The preamble to the 1975-76 report, reminded readers that all dwellings provided under the terms of the *Defence Service Homes Act* 'shall be insured, as prescribed, against fire and prescribed risks for the benefit of the purchaser or borrower and the Corporation'. This was the task of DSHIS, it was explained: 'the prescribed risks are generally comparable with the risks normally covered in a house-owners comprehensive policy but also include risks not normally covered by other insurers, notably flood'. The report also emphasised that DSHIS remained 'a co-operative scheme, financed by premiums paid by Defence Service Homes purchasers and borrowers', and was not a call on the public purse.⁵⁵ Premium rates were determined after consultation with the Australian Government Actuary, taking into account the expected costs of administration in the ensuing year and the anticipated levels of claims.

The annual reports of the Defence Service Homes Corporation continued to experience delay under the new system, and did not catch up until 1979-1980, when the report was published by DVA in November 1980. Yet timely reporting did not prevent the admission that in 'recent years the effectiveness of the [Defence Homes Service] Scheme in fulfilling its objectives has deteriorated'. Despite the earlier upsurge in demand occasioned by the widening of eligibility in the early 1970s, the continuing imposition of a waiting period (in

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June 1980 it stood at 14 months) had soon dampened the Scheme's renewed popularity. The government's squeeze on public sector expenditure, 'in accordance with its major objective of reducing inflation', had restricted the availability of funds for the Corporation and had prevented any further increase in the maximum Defence Service Homes loan since 1974, despite the impact of inflationary trends on prospective borrowers. During 1979-1980, it was reported, the number of new applications had actually declined, 'reflecting these inhibiting influences on demand'. There was regret that 'people wishing to acquire a home who are unable to provide large deposits, or to obtain secondary borrowings to supplement the maximum Defence Service Homes loan, are not presently being assisted'. Moreover, it was added, this 'group is, by and large, unable to compete for housing finance from commercial lenders and, unfortunately, includes young couples seeking to acquire their first home'. To that extent, the report concluded, 'the Scheme has lost its relevance to these people in failing to meet its objectives'.⁵⁶ Already the Corporation had ceased to construct houses itself, following a government decision in 1977, the last Corporation-built dwelling being sold in 1979, while the extension of the qualifying period in 1977 from 3 to 6 years had also had a negative effect.⁵⁷

It was a sobering assessment, made worse by the calculation that there was 'a large reservoir of potential loan beneficiaries which could be expected to influence the demand trend were the attractiveness of the Scheme be increased'. A recent survey had indicated that there were no fewer than 428,000 Australian ex-servicemen and women and 117,000 widows who were eligible under the Scheme and had not yet applied for a Defence Service Homes loan. Of these, 233,000 who had not applied were aged between 55 and 64 years, and 25,000 had hoped that they might be able apply within the next five year.⁵⁸

In contrast to the indifferent performance of the Corporation as a whole, working as it was within strict governmental constraints, the 1979-1980 report showed that DSHIS had continued to meet expectations. An operating surplus of almost £1.3 million had been achieved, some \$1.2 million less than in the previous year, the variation attributable mainly to an unusually large number of claims as a result of widespread storm damage in Sydney, Brisbane and Lismore between November 1979 and January 1980. DSHIS now benefited from greater administrative flexibility as a result of the *Defence Service Homes Amendment Act 1980*, which removed the existing necessity of obtaining legislative authority (mainly by regulation) before making any changes to the extent and conditions of insurance. The new procedure would allow DSHIS, with Ministerial approval, to vary any aspect of the insurance arrangements swiftly in the light of any required changes that were thought would be of benefit to clients. This enhanced flexibility was especially welcome, because the government, in an attempt to apply competitive market forces in the public sector, had recently introduced freedom of choice so that an applicant or existing beneficiary could now insure their home with a commercial insurer, rather than DSHIS as previously required, should he or she wish to do so.⁵⁹

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In an attempt to rescue the Corporation from the nadir of its fortunes, so recently apparent, in 1980-81 the Defence Service Homes Scheme received a dramatic financial boost from the government, with the maximum loan increased from \$15,000 to \$25,000, along with a shortening of the waiting list from 14 months to 10 months. There was a marked increase in applications (up to 8,136 compared with 6,092 in the previous year), and for the first time ever peacetime Defence service became the largest source of applications. Applications from this sector had risen by an astonishing 75% following the announcement of the maximum loan increase, and accounted for 40% of all applications. Despite this release of pent-up demand, there was still criticism from potential applicants of the existence of a waiting list, which for many remained a deterrent, especially given 'the continuing increase in the cost of bridging finance'. The Corporation also reported a 'disturbing feature' in the national housing market, the relative stability of recent years beginning to give way to 'upward movements of significant dimensions, particularly in Brisbane', so that 'the value of the loan increase granted in 1980 could be seriously eroded'.⁶⁰ Meanwhile, the DSHIS, in another measure of the fluctuating fortunes of the Corporation during these years, had recorded an operating loss of \$0.4 million, caused principally by a spectacular hailstorm in Brighton, Queensland, in December 1980, together with frequent and unusually severe storms in Victoria and Western Australia and damaging floods in Dalby, Queensland.

As the Corporation had feared, the price of homes purchased under the Scheme had increased significantly in line with national trends, so that during the period March 1981 to March 1982, the average price had risen by 17.2%. Nonetheless, the upturn in lending activity continued, with peacetime Defence service again topping the list in 1981-1982, this time with 45% of the total. The DSHIS was now back in the 'black', with a modest surplus of \$384,000, and although the year had been 'free of a natural catastrophe of the kind that had caused the deficit in 1980-81, it was notable for widespread storm damage'.⁶¹ The 'ups and downs' of the Corporation, including its DSHIS component, continued throughout the early 1980s, reflecting both the vagaries of the national housing market and volatile climatic conditions. In 1982-1983, for example, DSHIS again suffered a loss, due mainly to the 'Ash Wednesday' bushfires that had swept across South Australia and Victoria on 16 February 1983, although subsequently the State Electricity Commission of Victoria had agreed to pay for claims relating to the East Trentham/Macedon fire, ameliorating some of the losses.⁶²

More generally, the Corporation regretted that 'lending activity settled back from the previous year's level to approach again the trough of 2-3 years earlier'. Once more there were fears about 'the effectiveness of the Scheme in meeting its objectives'. The loan had again lost a significant part of its value as a result of the continuing rise in house prices nationally, and the on-going waiting list of 10 months still impacted negatively on potential applicants. Moreover, the Corporation now detected the impact of an 'ageing pool' of eligible persons, mainly from the Second World War, who had never come forward for a loan and were now

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never likely to. To these were added younger members of the ADF who, despite aspiring to home ownership, were especially hit by rising house prices and the need for larger deposits and higher second mortgage loans. As the Corporation admitted, the ‘Scheme as it is presently structured is not particularly well attuned to the needs of first home buyers’. Indeed, in ‘the longer term the structure of the Defence Service Homes loan will need to reflect more closely realistic finance for home buyers if the Scheme is to retain its relevance for younger members of the Defence Force who will, in due course, become the dominant group seeking assistance’.⁶³

These concerns prompted the engagement of external consultants towards the end of 1983, their purpose being to assist in the strategic review of the role, functions and performance of the Corporation, as well as to contribute to the development and introduction of a corporate planning process. The consultants, Doll Martin Associates, found that there was no clearly articulated overall Defence Service Housing policy, that there was a lack of clear accountability in the way that the Scheme was managed, that costs were not pulled together, and that, crucially, lack of access to affordable housing was a major reason why people left the Services. Initially, an interim report suggested that ‘the Scheme would be more capable of achieving its objectives if it were managed “off-budget” by the creation of a Trust to be funded from the private sector’. It was clear that major reform was in the air, and the Corporation was careful to explain that ‘Staff contributions to the review processes have been sought and staff associations are being kept informed of progress’.⁶⁴

The final report from Doll Martin Associates confirmed their earlier recommendations, along with advice on automatic data processing equipment to replace the Corporation’s ageing ICL2903 system. Subsequently, in May 1985, the Treasurer, Paul Keating, announced the government’s intention to restructure the Defence Service Homes Scheme. A major feature of the new initiative was that private financial institutions would be invited to co-operate in arrangements to provide housing loans to persons eligible under the Defence Service Homes Scheme. The rationale for this far-reaching proposal, it was explained, was that such co-operation would remove the two most unsatisfactory aspects of the Scheme as currently operating, namely the \$25,000 loan ceiling and the 10-month waiting period. However, the government also announced that members joining the ADF after 14 May 1985 would not be eligible under the Scheme, and it undertook to consider an alternative package for those personnel.⁶⁵

Initially, it had been expected that the new arrangements would be in place as early as 1 January 1986, but it was soon clear that this was unduly optimistic. By February 1986, tenders had still not been invited from relevant financial institutions for the provision of new loans, the management of existing and new loans, and the management of DSHIS. Nor were details yet available of the promised alternative home ownership assistance scheme for

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those ADF members who had joined after May 1985.⁶⁶ In the event, advertisements calling for expressions of interest in managing the Defence Service Homes Scheme were not placed in the major daily newspapers until December 1986, with a final date for lodgement of tenders given as 11 March 1987.⁶⁷ However, the ‘results of this process were inconclusive’, to use the official jargon, and a further call for tenders for the management of the Scheme, including acquisition of the existing mortgage portfolio, was announced, with a closing date of 15 March 1988. Meanwhile, in late 1987, the government had thought briefly to replace the \$25,000 maximum loan with a non-repayable, non-taxable grant of \$10,000 but was dissuaded from implementing this change following consultation with the Returned Services League (RSL) and other ex-service organisations.⁶⁸

In December 1987 the Minister for Veterans’ Affairs, Ben Humphreys, confirmed that the government’s intention remained the sale of the Defence Homes Service Scheme in its entirety, ‘including insurance and other ancillary benefits’.⁶⁹ Sale negotiations were handled by a special task force comprising officers of the Defence Service Homes Corporation and the Departments of the Prime Minister and Cabinet and Finance, chaired by the prominent businessman John Uhrig AO. Finally, on 11 October 1988 the government announced that the successful bidder for the business was the Westpac bank, and that negotiations had now been completed for the sale of the Corporation’s assets, including its portfolio of about 128,000 mortgages worth approximately \$1.38 billion, with Westpac paying a further premium of \$100 million for the purchase.⁷⁰ This was, as the Corporation observed, ‘the culmination of a process which began with the Government’s decision in the May 1985 Economic Statement to seek private sector involvement in the Defence Service Homes Scheme’.⁷¹

There was, however, one important caveat, as DVA’s magazine *Vetaffairs* reported. Despite earlier intentions, the ‘DSH insurance business is not included in the proposed sale to Westpac and will continue to be managed on a co-operative basis by the Federal Government without any government contribution. New borrowers will have access to the existing insurance scheme’.⁷² Westpac had not expressed an interest in acquiring DSHIS, and the government was content for it to remain under the umbrella of DVA, given that it was entirely self-funding and not a drain on the public purse. DSHIS’s continuing status was confirmed in December 1988 when the transfer legislation, enacting Westpac’s purchase, was passed, with a Ministerial assurance that ‘the DSH insurance business is not included in the sale’.⁷³

The Defence Service Homes Corporation, in what was its final report, noted that in the run-up to the Westpac deal, the ‘ex-service and defence communities were invited to make submissions to the sale task force and were consulted at all stages of the sale process’. As a result, these communities ‘welcomed the changes to the Scheme, arising from the sale, which enhanced the principal benefits and substantially retained the ancillary benefits’.⁷⁴ However, not all were enamoured with the prospect of the Westpac acquisition, especially

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Corporation employees who considered that their jobs were now endangered. Fearing compulsory retrenchment, the Administrative and Clerical Officers Association (ACOA), the trade union representing the majority of Corporation staff, announced a program of industrial action, which involved strikes, picket lines and an increasingly bitter atmosphere as confrontation grew.⁷⁵

The government warned that it was ‘strongly critical of the industrial action taken by staff in the Defence Services Homes Corporation and some areas of the Department of Veterans’ Affairs’. Ben Humphreys, the Minister for Veterans’ Affairs, explained that ‘while he could appreciate staff concerns about job security he could not condone industrial action which was affecting innocent clients’. He had offered the relevant trade unions a joint working party ‘to look at questions of redeployment to ensure fair and equitable treatment’, and added that since the Westpac agreement ‘intensive work had gone into identifying the functions that would remain with the Government, and the ongoing resources needed to perform them. This was nearly complete’. The aim, he emphasised, was to ‘minimise any need for compulsory retrenchment of staff’, and to absorb the potential surplus elsewhere in DVA.⁷⁶ Less than a week later, on 23 November 1988, the government announced that there would be no redundancies, an outcome hailed by ACOA as a ‘major victory’ directly attributable to the impact of its industrial action.⁷⁷ Although the dispute had been resolved to the satisfaction of all parties, there was a lingering sense among ACOA members that the issue had not been well handled by the government.

Lending by Westpac under the new rules commenced on 16 January 1989, and the vesting of the mortgage portfolio in Westpac occurred on a state-by-state basis between 15 January and 16 April 1989. Notwithstanding the apparent hostility to the potential impact of the Westpac handover on staff employment, evident in the industrial action of October-November 1988, Westpac ‘complimented the Corporation on . . . the co-operation it received from DSH staff’, and the Corporation itself remarked that the ‘role of staff in ensuring a smooth transfer without adverse on clientele cannot be underestimated.’⁷⁸ The Defence Service Homes Corporation itself ceased to exist on 30 June 1989, with DSHIS now administered directly by DVA. As it bowed out, the Corporation allowed itself a brief moment of self-congratulation, observing that in its relatively short but turbulent life, ‘the organisation . . . has been acknowledged both within Government and by client groups as having provided an exceptionally efficient and high standard of service’.⁷⁹

CHAPTER 5: INTO THE TWENTY-FIRST CENTURY



Following the decision not to include DSHIS in the Westpac sale, DVA initiated an internal ‘Evaluation of the Defence Service Homes Insurance Scheme’ to determine those aspects of the operation that might require improvements in efficiency or effectiveness in the changed business environment. Of particular concern, following the Westpac sale, was that DSHIS no longer enjoyed the same level of access to the client group that had previously been available. The former ‘one-stop-shop’ arrangement, where the client applied for his or her housing loan and insurance cover at the same time, no longer obtained. Although every effort was being made to ensure that successful applicants were made aware of DSHIS, there was a possibility that, without maximising efficiency and effectiveness, DSHIS might lose out to commercial competitors. Accordingly, DVA examined, and where necessary implemented changes, in areas ranging from marketing and automatic data processing systems, to financial management and staffing levels and staff development.⁸⁰

In particular, a ‘Defence Service Homes Staffing Review Report’ in May 1990 ‘found that the current total staff numbers are slightly in excess of those considered necessary’.⁸¹ In addition to DSHIS itself, post-Westpac there remained a core staff to continue to determine the eligibility of individuals for assistance under the Defence Service Homes Scheme, to verify and pay the interest subsidy to Westpac as part of the agreement, and to monitor the specific performance requirements of the Commonwealth-Westpac contract, with the subsequent introduction of a new Defence Home Owner Scheme perpetuating the need for this core staff.⁸² Although the report recommended no change for now in the staffing levels of DSHIS, it repeated the new mantra, that it had ‘to operate in a commercial home finance and insurance environment . . . the DSH Insurance Scheme must compete directly with the industry in order to maintain market share and viability’.⁸³

It was also recognised that DSHIS clientele was changing, a trend increasingly apparent as the new millennium approached, a new generation of younger service men and women and veterans emerging with new expectations and new ways of doing things. In such an environment, professional qualification to insurance industry standards was vital, the Australia & New Zealand Institute of Insurance and Finance providing certification for DSHIS staff as part of the staff development program.⁸⁴ Alongside DSHIS’s central office in Canberra, operations were consolidated at Melbourne and Brisbane, which became the twin administrative hubs for managing claims and other business. Focussing on customer service, seen as pivotal in the competitive business climate, it was stressed that it ‘is important that DSH staff are always courteous and helpful to clients, whether a claim is admitted or declined’. In the case of major claims, when ‘contact is first made to office, remember that client may be upset and in a state of shock, and all consideration must be given, as client may be difficult to obtain information from’. In complex situations, it was important to adhere to DSHIS’s priority protocol; namely, in order of priority, client’s needs, public liability, security, repairs.⁸⁵

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Such skills were put to the test over the Christmas break in December 1989-January 1990. Having just emerged from what the in-house magazine *DSH News* called ‘a year of dramatic change and disruption for DSH and its staff’, the ‘staff of DSH Insurance had a busy time over the Christmas-New Year period, with storms, bushfires and earthquakes damaging several thousand properties. The big events were in Brisbane and Newcastle, but Victoria also had heavy storms’.⁸⁶ On Christmas Eve, storm-force winds had hit Brisbane, resulting in over 800 claims, costing DSHIS \$1 million. Rotary clotheslines and TV antennae had suffered particularly badly but the major claims were for roofs damaged by falling trees. DSHIS teams were in place to take emergency calls on Christmas Day and, in a remarkable performance, the first property inspections commenced on Boxing Day. Two days later, on Thursday 28 December, Newcastle was struck by an earthquake, measuring 5.6 on the Richter scale, which left 13 people dead and 160 injured. The effects were felt as far away as Lithgow and Sydney (from which claims were received), with more than 4,000 homes damaged. DSHIS set up a temporary on-location help centre in the Waratah-Mayfield RSL sub-branch in Newcastle to give emergency on-the-spot advice and assistance. ‘Not all damage done to clients’ homes is immediately evident’, it was reported, but ‘once you go inside and make a close inspection, the cracks and shifts are more easily seen. Sanitary fittings have suffered a lot’.⁸⁷



1989 Newcastle Earthquake: Demolition of Newcastle RSL Club

Provided courtesy of Newcastle Region Library

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The sheer scale of effort required to assess the earthquake damage led DSHIS to note that clients ‘are experiencing difficulties in obtaining repair quotes. Many contractors are now refusing to quote, their complaint being that they can spend all day quoting without doing any work’.⁸⁸ Besides, well into the New Year dwellings in some areas were still moving, heavy rain and high winds exacerbating the shifts and cracks. Initially, DSHIS received more than 2,000 claims, resulting in a repair cost of \$180,000 but the final bill was expected to be in the region of \$800,000. More generally, it was estimated that the total earthquake damage in Newcastle and environs would be at least \$6.5 million, with repairs taking up to two to three years to complete, such was the level of devastation in what was one of Australia’s worst natural disasters. The ultimate reckoning was even greater than these early estimates had forecast, some 3,024 claims eventually being lodged at a grand total cost of \$15.4 million.⁸⁹

Fortunately for policyholders, the DSHIS explicitly included ‘Earthquake’ among the list of damaging events covered by the Scheme, alongside Flood, Storm, Lightning and other natural phenomena such as Fire and the ‘action of the sea, highwater or tidal wave’.⁹⁰ A pamphlet published by DSHIS in the mid-1990s summarised the extent of the cover offered to clients. Alongside the major climatic events, infestation of the home by borers or ‘white ants’ (termites) during the first two years of insurance, acts of vandalism (but not by a person who lived in the house), public disturbance, and theft or attempted theft (but again, not by a person who lived in the house) were all covered. So too were fittings such as clotheshoists and clotheslines (fortunately for the Brisbane storm victims), swimming pools and spas, exterior blinds and awnings, built-in furniture, glassware, baths and lavatories. Damage caused by burst pipes or falling trees was also covered, as was (the admittedly less likely) impact of space debris or debris from any aircraft, rocket or satellite. Similarly, destructive behaviour by an animal (but not a policyholder’s pet) was included. Importantly, DSHIS undertook to cover any member of the policyholder’s family who lived in the house against legal liability as owner or occupier of the home for claims arising from accidents which occurred around the house, including death or bodily injury. There were, as DSHIS pointed out, also items it would not cover, including damage arising from failure to keep a home in good repair, the effects of landslide or erosion or subsidence, wear and tear and rust and corrosion, the illegal storage of explosive or flammable substances, any activity involving the application of heat, the action of vermin or insects, or (again, less likely) the use, existence or escape of any nuclear material, or war or warlike activities.

By the late 1990s, the total number of DSHIS clients stood at over 118,000, with a further 39,000 or so covered for home contents insurance through an agency agreement with QBE Mercantile Mutual. Free smoke detectors and fire blankets had already been supplied to DSHI clients for a number of years, along with door viewers made available on policy renewal. By June 2000, some 25,000 door viewers had been distributed. During 1999-2000,



Canberra bushfires

Photo by John Lafferty

DSHIS had enjoyed a renewal acceptance rate of 96.81% which, according to DVA's annual report, represented a 'level of retention of existing clients . . . well above industry averages and indicates a high degree of satisfaction with the DSH Insurance product'.⁹¹ Moreover, 83% of claims had been settled within three months, and 94% had been settled within six months. These rates were very close to meeting DSHIS's targets (which were 80% and 95% respectively), and would possibly have exceeded them if it had not been for the delays caused in settling the large number of claims from the 1999 Sydney hailstorms. In response to performance surveys conducted by DVA, it was reported that 'an overwhelming percentage of clients commented on the friendly, courteous and efficient service they received from DSH Insurance'.⁹²

By the turn of the millennium, DSHIS was also handing out free domestic first aid kits to clients on renewal, another helpful gesture to the veteran and Defence community but also a commercial initiative designed to ensure the continuing popularity of the Scheme.⁹³ An operating surplus of \$5.03 million was achieved during the year 2001-2002, while net tangible assets had risen to \$41.2 million dollars. A dozen years after the Westpac deal, DSHIS had shown emphatically that it had risen to the challenges posed over the last decade or so, successfully aligning its activities to the requirements of the new business environment and maintaining its place in the market. Renewals continued to hold up, and the latest free gift initiative was the provision of night lights on policy renewals from May 2002.⁹⁴ The quality of service provisioned by DSHIS was highlighted during the severe bushfires that raged across large areas of Australia during the summer months of 2002-2003, including the fires in Canberra in January 2003 which resulted in 80 claims, including for five homes that were totally destroyed.⁹⁵

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Technological innovation was an important element of DSHIS development in the new millennium. In 2000, for example, DSHIS implemented significant IT changes to facilitate the introduction of the Goods and Services Tax (GST), followed in 2008 by the complete upgrade of its MAVIS IT system, which as well as making the system more ‘user friendly’ laid the foundation for many future administrative improvements, such as the introduction of electronic files, direct debit payment options, and email communication. Telephone and Internet payment facilities were introduced by DSHIS in late 2003, allowing clients to pay their premiums in a safe, reliable and secure manner without having to leave their homes.⁹⁶ This was followed three years later by the introduction of BPay facilities through on-line banking in July 2006.⁹⁷ Direct debit arrangements were added in 2011, allowing clients to manage their household budgets more effectively by paying their premiums in instalments. In 2012, DSHIS introduced a ‘sum insured calculator; designed to allow clients to estimate their own sum insured, followed in 2015 a ‘business wizard’, a new process for providing quotes and writing policies which enabled clients to take out cover over the phone, rather than having to post or email a completed form. A further innovation, was the introduction in 2018 of electronic renewal notices, so that clients could request that their notices be sent by email instead of in the post.

Extreme climatic conditions continued to test DSHIS’s flexibility and preparedness, and in 2008-2009 it was reported that 861 veterans were assisted ‘as a result of large weather events in South Eastern Queensland and the Victorian bushfires’.⁹⁸ Two years later, on 10 January 2011 torrential rain led to severe flooding in Toowoomba and the Lockyer Valley, and over the following days Ipswich and Brisbane experienced their worst flooding since 1974. A few weeks after, in the early hours of 3 February 2011, Cyclone Yasi struck the



Queensland floods

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Queensland coast near Mission Beach, between Cairns and Townsville, gusting up to 285 kilometres per hour as it sped inland, leaving devastation in its wake. The Monday following Cyclone Yasi's trail of destruction, DSHIS received more than 1,400 calls for assistance, and staff visited the affected areas to meet policyholders and view the damage. As DVA's magazine *Vetaffairs* noted at the time, this was an excellent example of the DSHIS motto 'Cover plus the Care' in action.

By March 2011, DSHIS had received 460 claims as a result of the floods, and more than 1,000 claims resulting from Cyclone Yasi (these figures would later rise to 504 and 1,385 respectively), at a final cost of \$11.8 million.⁹⁹ Some 95% of these claims were settled swiftly, a rate of completion higher than that for the insurance industry as a whole.¹⁰⁰ Eventually, DSHIS paid out nearly \$30 million to make good the losses incurred by the floods and Cyclone Yasi, with total costs in recent years from natural disasters reaching a staggering \$60 million, an unprecedented level of expenditure which was to lead, inevitably, as *Vetaffairs* explained apologetically, to a rise in premiums.¹⁰¹ However, DSHIS would later develop 'resilience discounts', first available in 2017, which offered discounts to those clients who had taken steps to protect their homes from extreme weather events such as cyclones and storms. The installation of cyclone shutters was one such qualification, for example, as was the construction of a house off the ground with no living area beneath.

More generally, DSHIS, like the rest of Australia's insurance industry, had to face up to the increasing impact of climate change, not least in tropical Queensland with its propensity for devastating storms. For example, 1,000 policyholders were helped by DSHIS following 'volatile weather conditions across Australia after December 2011'. Remarkably, of the more than 12,000 claims received during 2011-2012, only fourteen resulted in complaints and dispute notifications, and of these just seven were taken forward. Two of these disputes were settled in favour of policyholders, and five in favour of DSHIS, the total number of complaints representing less than 1% of all claims received.¹⁰² Meanwhile, DSHIS had further diversified its product range, in 2011 introducing travel insurance, together with compulsory third party vehicle insurance in Queensland and New South Wales.¹⁰³ This was followed swiftly by comprehensive cover for cars and motorcycles, as well as for caravans, domestic trailers and private pleasure craft. Additionally, policies were now available for owners of investment properties, offering protection against malicious damage and loss of rent.¹⁰⁴ Much of this expansion was a result of DSHIS' partnership with QBE, which reached its quarter-century in 2016.¹⁰⁵ Meanwhile, in 2008, expansion of DSHIS business had also been facilitated by legislation to extend insurance to those eligible for the Defence Home Ownership Assistance Scheme (DHOAS).

In 2012, and again in 2013 and 2014, DSHIS was named General Insurer of the Year at the Roy Morgan Customer Satisfaction Awards.¹⁰⁶ The total number of building policies



Current Members of the Australian Defence Forces

at 30 June 2015 was 62,127, slightly down on 2014's figure of 65,292, which reflected the continued decline of policies held by older veterans, only partially offset by an increase held by younger veterans following recent campaigns and ADF members eligible under the Defence Home Ownership Assistance Scheme.¹⁰⁷ In 2016-2017 DSHIS reported a loss of \$0.780 million, due almost entirely to the costs associated with Tropical Cyclone Debbie (amounting to some \$5.803 million) and severe storms across New South Wales, Victoria and South Australia.¹⁰⁸

Alongside the challenges of climate change, DSHIS had of necessity to respond to changes in the regulatory environment. In 2007 an Advisory Board had been established, made up of senior DVA representatives, together with an independent member with insurance industry experience who was able to provide comparative oversight of DSHIS' activities and ensure that they reflected the industry's current best practice. Later, the insurance industry as a whole came under scrutiny as part of the Royal Commission on Financial Services, whose report was tabled in Parliament on 4 February 2019. Although primarily concerned with shortcomings in the banking system, the Royal Commission did find some evidence of malpractice within insurance, although not in DSHIS. Nonetheless, the Royal Commission resulted in a raft of recommendations that would be implemented in the coming years, resulting in considerable changes that would affect DSHIS as well as the rest of the insurance industry.¹⁰⁹ Meanwhile, an Australian Competition and Consumer Commission (ACCC) taskforce had begun an investigation of insurance premiums in northern Australia, an area especially affected by adverse weather conditions, its initial interim report being published in December 2018, with a second due in November 2019 and the final report expected in November 2020. Again, the review was expected to result in significant changes to the insurance industry, including DSHIS.¹¹⁰

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During 2017-2018, DSHIS responded vigorously to changes in both its clientele base and volatile climatic conditions, improving its methodology for calculating premiums to ensure they accurately reflected the insurance risk based on geographical location and how a home was constructed. Additionally, in October 2017 a dedicated sales team with specialist training in sales and marketing was engaged to supplement existing staff, who mainly handled policies and claims. This new initiative significantly improved the profile and visibility of DSHIS – 30% more policies were sold in 2017-2018 than in 2016-2017 – and also enhanced the client experience. In-depth market research helped DSHIS to better understand the needs of current and potential policyholders. At the same time, DSHIS streamlined its online interface to assist veterans and their families in estimating the approximate sum insured for their properties, reducing the time taken to process new policy applications. A monthly mail survey of 100 stakeholders achieved an average satisfaction level higher than 90%, with a 65% response rate.¹¹¹



Townsville Floods

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As DSHIS approached its centenary in 2019, it was apparent that quality of service remained its distinguishing characteristic. In February 2019, for example, DSHIS reacted promptly to the extreme weather conditions and flooding in and around Townsville, dealing speedily and efficiently with the resultant 1,251 claims received.¹¹² The introduction of texting in 2019 as a means of communicating with clients during extreme weather events proved its worth during the Townsville floods, especially as many policyholders were away from home at the time and could not access a computer to lodge claims. Many of these clients were ADF personnel, serving at the large military base in the locality.

Policyholder loyalty was one measure of gauging customer satisfaction, with many individuals renewing year-on-year over decades – in 2018 no fewer than 150 current clients were over 100 years of age!¹¹³ Periodic surveys had demonstrated consistently high levels of client satisfaction, and these were born out in individual testimonials. ‘A.E’, for example, a policyholder in Queensland, had himself been in the insurance industry, claiming ‘insider knowledge’ of its strengths and weaknesses, and considered DSHIS’s recent response to hail damage sustained at his property as ‘amazing’ and ‘absolutely incredible’. DSHIS had reacted ‘very quickly’ to his call for assistance, offering ‘nothing but excellent service’, and as a result of this superior performance he had also switched his vehicle insurance to DSHIS.¹¹⁴ Likewise, ‘B.C.’ in Victoria was much impressed by a series of claims dealt with expeditiously by DSHIS, some going back to the twentieth century. Recent assistance included a claim in 2010 for storm damage to a carport roof and to sky-lights, and a complete fence repair in July 2018. The fence in question had been inspected almost immediately, a ‘safety fix’ being carried out on the afternoon of the reported damage, with a full replacement following shortly after: ‘a very good job, done very quickly’.¹¹⁵ A third respondent, ‘W.D’, explained that he had three properties insured with DSHIS, and had found DSHIS consistently ‘helpful beyond other insurance companies’, most recently in the timely repair of a house on the coast in South Australia which had suffered storm damage, excellent tradesmen having been engaged to effect the necessary work.¹¹⁶

A fascinating and insightful commentary on his experience in dealing with DSHIS was provided by ‘K.B’, another policyholder. As he explained:

About dusk in late November 2018, a fierce but short duration storm struck our suburb of Canberra and the house sprung two leaks . . . The situation in the house returned to normal almost as soon as the rain ceased. Nevertheless, DSHIS was contacted that evening to report the sodden areas in the ceiling and to advise that we did not need emergency help. We received an auto response email from DSHIS within hours.¹¹⁷

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The next day, ‘K.B’ reported, another email from DSHIS arrived, saying that a representative from their insurance assessment team would be contacting him shortly. The representative was in touch within 24 hours to arrange a home inspection. The cause of the leaks was duly identified – poor maintenance which would not be covered by the policy – but DSHIS readily admitted the claim for the resultant internal damage. Various contractors – electricians, plasterers, painters – carried out the necessary repairs over two consecutive days. As ‘K.B’ concluded:

The overall service provided by DSHIS was (and has been) excellent – sound administration, concise and timely decision making, sound understanding of the building industry, sound understanding of the insurance industry, an appreciation of what the customer deems important, staff that appreciate the service they can provide, and very good outcomes for the householder. This adds up to an organisation that has refined its procedures and processes, that continues to learn, that values staff and customers, and that matches recruitment and training to the environment in which DSHIS operates.¹¹⁸

‘K.B.’s commentary was one person’s testimonial, illustrative of a particular occasion when everything had gone like clockwork. But it was also qualitative evidence of what had been demonstrated time and again in statistically rigorous quantitative survey analysis, that DSHIS at it approached its Centenary continued to be renowned for the culture of excellence that had been established from the first at its foundation in 1919.

Indeed, such was this reputation, that in late 2019 the Australian government responded positively to calls for widening DSHIS eligibility, announcing that from 2020 the Defence Service Homes Insurance Scheme would be expanded to include any current or former Australian Defence Force member with at least one day of service. In this way, more veterans would have access to competitively priced building insurance, especially in disaster-prone areas such as northern Australia.¹¹⁹

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DSHIS 2019 STAFF



Canberra team



Brisbane team

DSHIS 2019 STAFF



Melbourne team



Australian Government

Department of Veterans' Affairs