

# BACKGROUND BRIEF: MyHOME SHARED EQUITY PROGRAM CONCERNS

Office of Meg Webb MLC | 17 July 2024

---

## Issue Overview:

- **MyHome Shared Equity Scheme** has been operating since 1 July 2022 (following review of previous HomeShare scheme).
- [21 May 2024 Homes Tasmania](#) announced expansion of the scheme, coming in force on 1 July 2024.
- Current responsible Minister is the Hon. Felix Ellis MP, Minister for Housing and Planning.

The [MyHome Shared Equity Scheme](#) is being actively promoted by the State Government to low income earners, as supposedly a mechanism by which to support and help them access affordable housing.

The Homes Tasmania MyHome webpage states:

*“With MyHome, we share the upfront costs of buying your home which reduces the deposit you will need and mortgage repayments you make.” and*

*“MyHome is Homes Tasmania’s shared equity program that helps people get into their own home sooner.*

*With MyHome you share the cost of buying your home with Homes Tasmania.”*

[Bank of Us](#) is sole accredited financial provider for the Tasmanian MyHomes scheme – apparently secured role after Australian-wide competitive tendering process. It only offers the one MyHomes loan product without providing clients any choice over preferred loan features or flexible arrangements.

Of all jurisdictions which offer a shared equity program available to both public housing tenant participants and non-public housing participants, Tasmania is the only Australian jurisdiction reliant upon a single non government-owned financial lender.

This lack of competition between available financial lenders potentially places Tasmanians at a disadvantage to their interstate counterparts.

## Issues Raised by Program’s Clients:

The experience of some clients raises serious concerns the MyHome program is being operated in an inequitable manner, potentially disadvantaging Tasmanian participants, some of whom will be quite financially vulnerable without the means or ability to question the current shared equity loan constraints or high interest rates to which they are subjected.

This raises serious ethical, just, and good governance issues.

## MyScheme loan limitations:

- Bank of Us states (in correspondence to a client seen by Meg Webb MLC) the MyHome program is a fully featured product that allows for fixed and variable rates, a combination of the same, and offset facilities amongst other things. However, loans appear to be only offered on apparent uncompetitive rates.
- **Apparent high interest rates** (6.86%) are being charged to low-income earners purchasing homes via the MyHome scheme, particularly when compared with Bank Of Us FlexiDiscount Home Loan Rate Specials at 5.99%, or FlexiDiscount Home Loan at 6.14% - and other home loan products:  
<https://bankofus.com.au/home-loan-interest-rates>
- Bank of Us MyHome loan interest rates also appear higher than interstate equivalent government shared equity housing programs.

- Clients are required to make monthly payments only (fortnightly not provided for) despite it being well known that paying more frequently is advantageous to lenders. Instead, an offset account is offered which fails to address key purpose of flexible repayment options.
- **Inability to repay government equity part of loan earlier** - Bank Of Us do not appear to facilitate earlier repayments to assist in paying off government equity component of loan earlier.

Homes Tasmania website states: *“With MyHome you must pay out Homes Tasmania’s share before 30 years. You can do this by purchasing Homes Tasmania’s share or by selling the house.”*

### Certificate of Currency concerns:

- As a shared equity scheme, apparently there is specific wording requested stating that Homes Tasmania is co-owner (this appears fairly standard across all interstate government shared equity housing schemes). However, the Tasmania experience for some clients when seeking insurance indicates this wording proves problematic with potential insurers (for example, constituents have informed Office of Meg Webb MLC that in some cases they tried 6 insurers unsuccessfully before Bank Of Us recommended CGU for Home & Contents insurance)
- When difficulties with securing insurance are raised, clients have CGU suggested to them (CGU’s parent company is Insurance Australia Group (IAG))
- According to Bank of Us’ [Financial Services Guide](#) (February 2024 – apparently the most recent available online), the bank operates as an intermediary for CGU Insurance, and *“receive commission on any insurance contract we arrange on your behalf.”*
- This circular insurance process raises potential ethical issues: monopoly financial provider - which requires Certificate of Currency to include specific wording unpalatable to other insurance providers – then recommending insurance via CGU from whom the bank receives a commission.
- At a Parliamentary hearing on 9 July 2024, on questioning by Meg Webb MLC, the CEO of Homes Tasmania confirmed the prohibitive insurance issue had been recognised and that MyHomes participants would no longer be required to declare Homes Tasmania as an equity holder for the purposes of securing insurance.

### Other Issues of Concern:

- Length of time to secure finance means many real estate agents refuse to accept offers from MyHome clients.
- Ironically, the lengthy time taken hampers those for whom the MyHome scheme is touted as benefitting.

### **Questions That Need Answering:**

**Interest Rates:** Why is the MyHome interest rate so much higher than market conditions, noting it has been since before interest rate hikes of 2023?

Can the interest rate be lowered to a more competitive rate, as it is in other states? If not, why not?

**Loan Payment options:** Why are program clients denied loan product options, available to other borrowers, including capacity to make frequent payments instead of only monthly? Unlike interstate counterparts?

Why are clients denied being able to pay back more of their loan earlier, rather than rely upon an offset account? Unlike interstate counterparts?

**Government equity component repayment:** Can Tasmanians choose to pay off/buy back the government equity component in earlier and flexible instalments, as their interstate counterparts can?

**Monopoly:** Why is there only one financial lender selected to provide this program? What were the terms of that tender process? What consideration was given to, and risk assessment undertaken of matters arising from creating a potential monopoly-supplier situation? How is that consistent with stated government principles?

**Insurance Provider:** When did the government become aware of Certificate of Currency requirements, and difficulties that then places upon MyHomes clients to secure insurance?

How was it deemed appropriate the sole monopoly financier of the program receives a commission from the apparent/main insurer prepared to provide insurance to MyHomes clients, CGU?

Now the insurance issue has been identified, will existing participants have the opportunity to change their Certificate of Currency in order to seek more competitive insurance coverage for their property? And will this significant change in policy by Homes Tasmania been communicated to existing MyHomes participants?

**Table 1: Interstate Comparison:**

|            | <b>Finance Provider Choice?</b>  | <b>Competitive Interest Rates?</b><br><i>(* Current at time of writing)</i>                                  | <b>Flexible Repayment Options?</b>  | <b>Capacity to pay down shared (govt) equity early and/or progressively?</b>  |
|------------|--|--|---|---|
| <b>TAS</b> | No: Bank of Us- only   | 6.86% variable   | No. – monthly payments only   | Does not appear so. Homes Tas website states: <i>“With MyHome you must pay out Homes Tasmania’s share before 30 years. You can do this by purchasing Homes Tasmania’s share or by selling the house.”</i> |
| <b>NSW</b> | Yes: Shared Equity Home Buyer Helper Program has 2 lending partners: <ul style="list-style-type: none"> <li>▪ Bendigo Bank</li> <li>▪ Unity Bank</li> </ul>  | Bendigo from 5.99%<br>Variable – from 5.99% & Fixed options  | Yes: Bendigo Bank: Retail clients make regular scheduled principal and interest repayments over the term of the loan. Retail clients are able to set up weekly, fortnightly or monthly repayment frequencies. | Yes<br>Yes  |
| <b>VIC</b> | Yes: 4 participating lenders: <ul style="list-style-type: none"> <li>▪ Bank Australia,</li> <li>▪ Bendigo Bank,</li> <li>▪ Indigenous Business Australia,</li> <li>▪ Commonwealth Bank Australia.</li> </ul> | Bank Aust from 5.99%<br>Bendigo from 5.99%<br>IBA-variable with loan products<br>CB: Standard variable 6.49% | Yes   | Yes – (in \$10, 000 or above payments)  |
| <b>WA</b>  | Govt-owned lender<br>Keystart (private org with one shareholder-WA Housing Authority)<br>Transitional lender   | ?  | Yes   | Yes   |

|            | Finance Provider Choice?  | Competitive Interest Rates?<br>(* Current at time of writing) | Flexible Repayment Options?   | Capacity to pay down shared (govt) equity early and/or progressively? |
|------------|---|---|---|---|
| <b>Qld</b> | Govt owned lender<br>Government: Pathways<br>Shared Equity Loan                         | ?   | You can choose the payment frequency for your repayments. <ul style="list-style-type: none"> <li>weekly—pay on the same day each week = 52 payments over 12 months</li> <li>fortnightly—pay on the same day every two weeks, for example every second Tuesday = 26 payments over 12 months</li> <li>four weekly—pay on the same day every four weeks, for example every fourth Friday from the first deduction (this method means that you will pay 13 payments over 12 months)</li> <li>monthly—by date, for example 20th of each month, or by day, for example third Monday of each month = 12 payments over 12 months.</li> <li>Can also make additional one-off payments.</li> </ul> Maximum repayments will be no more than 35% of client’s agreed continued income. | Yes   |
| <b>SA</b>  | SA Government-owned lender: <a href="#">HomeStart Finance</a>                           | ?   | Yes   | Yes   |
| <b>ACT</b> | No: IMB and Housing ACT<br><i>Note-scheme only available to public housing tenants.</i> | ?   | Yes   | Yes   |

## USEFUL LINKS:

- <https://www.homestasmania.com.au/newsroom/2024/myhome-expansion>
- <https://www.homestasmania.com.au/Buying-a-Home/MyHome>
- <https://bankofus.com.au/my-home>
- **Bank Of Us *Financial Services Guide*:** [https://bankofus.com.au/source-assets/documents/compliance/Bank-of-us-FSG\\_February-2024.pdf](https://bankofus.com.au/source-assets/documents/compliance/Bank-of-us-FSG_February-2024.pdf)
- **Tasmanian Government Media Release, 19 May 2024:**  
[https://www.premier.tas.gov.au/site\\_resources\\_2015/additional\\_releases/a-strong-plan-to-help-more-tasmanians-realise-their-dream-of-home-ownership](https://www.premier.tas.gov.au/site_resources_2015/additional_releases/a-strong-plan-to-help-more-tasmanians-realise-their-dream-of-home-ownership)
- **Tasmanian Government Media Release, 5 June 2023:**  
[https://www.premier.tas.gov.au/site\\_resources\\_2015/additional\\_releases/myhome-scheme-getting-more-tasmanians-into-home-ownership](https://www.premier.tas.gov.au/site_resources_2015/additional_releases/myhome-scheme-getting-more-tasmanians-into-home-ownership)

## *Interstate Information:*

- **Queensland:** <https://www.qld.gov.au/housing/buying-owning-home/financial-help-concessions/pathways-shared-equity-loan>
- **NSW:** <https://www.nsw.gov.au/housing-and-construction/home-buying-assistance/shared-equity>
- **SA:** <https://homeseeker.sa.gov.au/buying-a-home/what-is-shared-equity#:~:text=paying%20in%20rent.-,How%20does%20it%20work%3F,25%25%20of%20the%20purchase%20price.>
- **WA:** <https://openingdoorswa.com.au/shared-home-ownership>
- **VIC:** <https://www.sro.vic.gov.au/homebuyer>
- **ACT:** [https://www.act.gov.au/\\_data/assets/pdf\\_file/0008/2395916/Shared-Equity-Scheme-Policy.pdf](https://www.act.gov.au/_data/assets/pdf_file/0008/2395916/Shared-Equity-Scheme-Policy.pdf)