The Secretary is to have regard to the following guidelines when deciding whether a person is suffering Financial Hardship or Serious Financial Hardship for the purposes of the Act.

**Financial Hardship**

Financial hardship is considered to exist when the applicant's circumstances come within the General Conditions For Assessing Hardship and the ratio of the commitments on the home to the combined gross income of the applicant and spouse exceeds:

- 20% - where the combined gross income does not exceed an amount equal to the Maximum Rate Service Pension plus the Basic Income Limit;
- 25% - where the combined gross income exceeds an amount equal to the Maximum Rate Service Pension plus the Basic Income Limit.

**Serious Financial Hardship**

Serious financial hardship is considered to exist when the applicant's circumstances come within the General Conditions For Assessing Hardship and the ratio of the commitments on the home to the combined gross income of the applicant and spouse exceeds 35%.

**General Conditions For Assessing Hardship**

It would be expected generally that:

- the combined gross income of the applicant and spouse is less than the Average Weekly Earnings for an adult in full time employment in the State in which the home is located;
- where an applicant and spouse hold assets above the equivalent of the annual amount of the Department of Social Security pension for a single person (rounded to the next $100) plus 20% of that amount for each dependant, and provided that the assets could reasonably be expected to be sold or realised, they will utilise that excess towards:
  - reducing the ratio of commitments on the home; or
  - repaying the mortgage or assisting with the essential repairs;
- there are no other avenues through which the commitments on the home to income ratio could be reduced, such as negotiating with the lender for a reduction in the instalment by extending the repayment term or by other means; and
- the applicant has been unsuccessful in obtaining alternative financing;
- in the case of instalment relief, the amount which an applicant and spouse is expected to contribute towards the commitments on the home is 20% of their combined gross income.
Definitions

Income
- generally includes income derived from:
  . salary, wages
  . employment, business and professional activities
  . investment and property rentals
  . pensions

-but does not generally include:
  . allowances for dependant children
  . contributions from a philanthropic organisation
  . board paid by an immediate family member living in the home

Commitments on the home
- generally include:
  . current mortgage instalments
  . homeowners insurance
  . property rates or taxes
  . body corporate or retirement village management and other fees
  . the instalments of a loan raised to pay for essential repairs
  . other commitments that the Secretary considers to be extraordinarily high
    and warranting inclusion.

Assets
- do not generally include:
  . the home
  . household chattels
  . a motor vehicle

- but generally include non household goods which are easily converted to cash, such as collections of stamps, antiques, paintings, etc.

Basic Income Limit
- the maximum income that a person in receipt of the Maximum Rate Service Pension may earn without affecting the amount of pension payable.

MINISTERIAL APPROVAL

I, BENJAMIN CHARLES HUMPHREYS, Minister of State for Veterans' Affairs, hereby approve the above financial hardship and serious financial hardship guidelines in accordance with the provisions of sections 18(5C), 20(4), 21(3) and 23(6) of the Defence Service Homes Act 1918.

Dated.21" .......... January 1991

.......... Ben Humphreys………………………………………

MINISTER OF STATE FOR VETERANS' AFFAIRS