THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

HOUSE OF REPRESENTATIVES

FARM HOUSEHOLD SUPPORT AMENDMENT
(ANCILLARY BENEFITS) BILL 2010

EXPLANATORY MEMORANDUM

(Circulated by authority of the Minister for Agriculture, Fisheries and Forestry, the Hon. Tony Burke MP)
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OUTLINE

The Farm Household Support Amendment (Ancillary Benefits) Bill 2010 (the Bill) inserts a new Part 9D to the Farm Household Support Act 1992 to treat farmers receiving income support under a pilot of drought policy reform measures as if they were receiving Exceptional Circumstances Relief Payments for welfare related purposes.

The pilot represents a dramatic shift in the way governments help farmers deal with the challenges of the future, from crisis management to risk management. The old system provides the most assistance to farmers who were in the most debt and fails to recognise those who have made tough business decisions to stay out of debt.

The new approach, to be trialled in Western Australia, will help to make the farming sector more resilient and addresses mental health issues in farming communities.

Importantly, the pilot will not affect farmers currently receiving income support payments and interest rate subsidies under the old Exceptional Circumstances system. The National Rural Advisory Council will continue to consider proposals for Exceptional Circumstances declarations submitted by state governments, and to reassess current declarations coming up for renewal.

The pilot will run from 1 July 2010 to 30 June 2011. It includes the Farm Family Support measure which provides income support to assist eligible farmers facing hardship with basic household needs. Assistance is available regardless of the cause of hardship.

The Farm Family Support payment will be delivered through an executive scheme arrangement under the Financial Management and Accountability Act 1997 rather than being fully legislated, due to the complex nature of the income support legislation and the short term nature of this program. Guidelines will be published which will provide details of the operation of the executive scheme.

The Government wishes to ensure that recipients of Farm Family Support during the trial can access the full range of so-called ‘ancillary benefits’ which are already available for Exceptional Circumstances Relief Payment and other welfare recipients under existing legislation. As it is not possible to use the executive scheme arrangement to provide the full range of ancillary benefits to recipients, legislation is required to ensure these will be available.

In order to meet the objective of making Commonwealth welfare assistance to this group consistent with Exceptional Circumstances Relief Payment the Bill will amend the Farm Household Support Act 1992 to effectively treat (that is, to ‘deem’) Farm Family Support as if it were Exceptional Circumstances Relief Payment for the purpose of providing access to a range of measures (hereinafter referred to as ‘ancillary benefits’) that are not available as part of executive scheme payments.
These include an automatically issued health care card and concessions relaxing the income and asset testing of student allowances paid to, or in respect of, the student children of recipients.

Ancillary benefits available to Exceptional Circumstances Relief Payment recipients will automatically become available to Farm Family Support recipients. This will be through the linkages in the *Farm Household Support Act 1992* to other legislation – that is the *Social Security Act 1991*, the *Social Security (Administration) Act 1999*, the *Income Tax Assessment Act 1936*, the *Income Tax Assessment Act 1997*, the *Small Superannuation Accounts Act 1995*, and the *Age Discrimination Act 2004*.

The Bill does not make any amendments to any legislation other than the *Farm Household Support Act 1992*.

Provisions in this Bill can only be applied in respect of payments and services made under and for the duration of the Farm Family Support Scheme, an executive scheme created under the *Financial Management and Accountability Act 1997*.

**Piloting Drought Policy Reform**

The pilot will test a comprehensive package of drought reform measures. These are designed to:

(a) Support farmers in managing and preparing for future drought and a changing climate;

(b) Increase the resilience and capacity of rural communities to cope with adversity;

(c) Better coordinate social support services in rural areas;

(d) Help families meet immediate basic household expenses during financial hardship; and

(e) Connect farmers and former farmers to discuss opportunities outside of farming.

Farm Family Support is a program under the drought pilot which provides three key elements:

(i) Income support, paid at a fortnightly rate based on the Newstart Allowance basic rate, to help farmers and their families meet basic household needs.

(ii) Case management to assist farmers to develop a plan to identify actions which will improve their financial position on-farm and off-farm.

(iii) To support the implementation of these plans, assistance of up to $2 500 to fund the cost of financial advice to assess farmers’ long-term financial position and $5 000 to fund professional advice and/or training.

**FINANCIAL IMPACT STATEMENT**

The estimated costs of ensuring ancillary benefits are provided as a part of the Farm Family Support Scheme are $0.269 million, including the automatically issued health care card and concessional income and asset testing for Youth Allowance. The Farm Family Support scheme is demand-driven.
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NOTES ON ITEMS

Section 1: Short Title

Section 1 is a formal provision specifying the short title of the Act as the Farm Household Support Amendment (Ancillary Benefits) Act 2010.

Section 2: Commencement

Section 2 provides for the commencement of the Act.

This Act will commence upon Royal Assent.

Section 3: Schedule(s)

Section 3 provides that each Act specified in a Schedule to the Act is amended or repealed as set out in the applicable items of the Schedule concerned, and any other item in a Schedule to the Act has effect according to its terms.

Schedule 1—Amendment of the Farm Household Support Act 1992

Item 1: After Part 9C

This item inserts a new part 9D containing a new section 52D that describes how payments under the Farm Family Support Scheme may be treated in relation to certain other welfare related laws. It does not cover the policy guidelines for the Farm Family Support Scheme itself.

Subsection 52D(1)

This subsection sets out the purpose of this section which is to set out how other laws will apply to payments made, and things done, under the executive scheme known as the Farm Family Support Scheme.

Subsection 52D(2)

This subsection creates a deeming provision whereby a payment of Farm Family Support will be taken to be a payment of Exceptional Circumstances Relief Payment for the various legislative provisions named. It sets out in each paragraph those laws which are affected by the deeming provision.

Paragraph 52D(2)(a)

This paragraph identifies notification provisions and recovery of overpayment provisions in the Farm Household Support Act 1992 that will apply to Farm Family Support in the same way as they apply to Exceptional Circumstances Relief Payments.
Paragraphs 52D(2) (b) and (c)

These paragraphs deem income support under the Farm Family Support Scheme to be the same as Exceptional Circumstances Relief Payments for the purposes of taxation law. This means that recipients will have access to the same taxation treatment including access to the “beneficiary tax offset” – allowing a higher tax free threshold – as recipients of other income support payments such as Exceptional Circumstances Relief Payment.

Paragraph 52D(2)(d)

This paragraph deems income support under the Farm Family Support Scheme to be the same as Exceptional Circumstances Relief Payments for the purposes of access to their funds (if any) in the small superannuation account. A Special Account is kept where employers may deposit money for their employees instead of making superannuation contributions. This allows employees with small superannuation balances an opportunity to avoid the erosion of those balances by fees. This means that recipients will have the same ability to withdraw these small balances following a period in receipt of income support as recipients of Exceptional Circumstances Relief Payment.

Paragraph 52D(2)(e)

This paragraph deems income support under the Farm Family Support Scheme to be the same as Exceptional Circumstances Relief Payments for the purposes of a number of provisions in the Social Security Act 1991.

This means that the student children of farmers receiving Farm Family Support will have access to the same concessions in relation to income and asset testing of their Youth Allowance, including an exemption from the Family Actual Means Test, as they would if their parent were receiving Exceptional Circumstances Relief Payment.

It also means that Austudy and Youth Allowance recipients who are partnered to a farmer receiving Farm Family Support have access to asset testing concessions.

This paragraph also covers the automatic issue of a health care card to a farmer receiving Farm Family Support as if he or she were receiving Exceptional Circumstances Relief Payment.

This provision exempts Farm Family Support in the same way as it does Exceptional Circumstances Relief Payment from the requirement to be considered as an alternative form of income support before the recipient can be considered for access to Parenting Payment or other Social Security Benefits under hardship provisions.

Finally this provision puts Farm Family Support on the same footing as Exceptional Circumstances Relief Payment in relation to debt recovery matters.
Paragraph 52D(2)(f)

This paragraph provides that a health care card issued under Section 1061ZK of the Social Security Act 1991 as allowed for in subsection (e) will be automatically ended when the farmer ceases to receive payment under the Farm Family Support Scheme.

Paragraph 52D(2)(g)

This paragraph puts beyond doubt that any matter that is referenced or relates to any of the provisions above in relation to Exceptional Circumstances Relief Payment are to be taken to also apply to Farm Family Support.

Subsection 52D(3)

This item deems Farm Family Support to be treated the same as other programs under the Farm Household Support Act 1992 for the purpose of reviews of decision. This will give access to the Social Security Appeals Tribunal and the Administrative Appeals Tribunal under Part 4 of the Social Security (Administration) Act 1999 to farmers who wish to appeal a decision in relation to Farm Family Support. This approach offers an independent review and puts Farm Family Support on the same footing as Exceptional Circumstances Relief Payment.

Part 5 of the Social Security (Administration) Act 1999 allows the collection and use of information relevant to the farmer’s application for that purpose. It also allows for the protection and disclosure of information to apply in respect of claimants and recipients under the Farm Family Support Scheme. This means they will be treated as if they were claiming or receiving Exceptional Circumstances Relief Payment under the Farm Household Support Act 1992. It also restricts Centrelink and the Department of Agriculture, Fisheries and Forestry in relation to the giving of information to third parties.

Subsection 52D(4)

This item deems income support under the Farm Family Support Scheme to be the same as Exceptional Circumstances Relief Payment for the purpose of setting a rate of payment to farmers that may vary according to age. It allows for youth rates of payment for those under the age of 21.

Item 2: Application

The effect of this item is to allow things done in connection with Farm Family Support Scheme before, on or after this legislation is enacted to be taken into account by other laws on or after the commencement of this Bill.

Provisions in this Act will only be applied in respect of payments and services made under and for the duration of the Farm Family Support Scheme, an executive scheme created under the Financial Management and Accountability Act 1997. As the scheme will not be in place until 1 July 2010 this provision is to allow for retrospective application in the event the Bill is enacted after that date.
Any retrospective application as a result is generally beneficial to persons other than the Commonwealth. For example, it would allow for the retrospective issue of a health care card to cover the period that a person was in receipt of Farm Family Support for a period from 1 July 2010 until the legislation is enacted if the legislation is enacted after 1 July 2010.