Australian Government
Department of Agriculture and Water Resources

Budget 2019-20

# Concessional Treatment for the Forced Sale of Livestock

Income generated from the forced sale or disposal of livestock will not affect the payment of Farm Household Allowance (FHA), provided it is invested in a Farm Management Deposit for future resilience.

## Why is this important?

Without this concession, farmers receiving a significant lump sum payment from the forced sale or disposal of livestock, may become ineligible for FHA. It may even result in them incurring a debt due to income support that has already been paid.

To benefit from the discount or the exemption, an FHA recipient would be expected to deposit the amount to be preserved for restocking into a Farm Management Deposit (FMD) account. The purpose of this condition is to ensure that the farmer uses the concessional treatment to better plan for their future.

Often when farmers are forced to destock they:

- sell into a depressed market
- have no or little other income while they are destocked
- need to buy stock when prices are higher (as demand has increased and supply is lower).

An exemption of the income means that the maximum amount can be used to offset the expenses of restocking. This policy also anticipates that farmers will have used at least a portion of the total amount to pay outstanding bills and creditors. Only the net portion is expected to be deposited.

## Who will benefit?

FHA recipients who need to sell stock. As many parts of Australia continue to face prolonged dry conditions, some FHA recipients are selling livestock earlier than planned.

This proposal aims to provide these FHA recipients with an incentive to make long-term financial plans for their future, despite the destocking.

## What will this cost?

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| Forced sale of livestock under FHA | $3m |