



March  
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# Farm Household Allowance

## Assets and income explained



**To be paid Farm Household Allowance (FHA) you must meet assets and income tests. This is considered the fairest way for people in similar financial situations to receive help.**

### Assets

Assets are things you own, including ones you are paying off. The value of your house is not generally included.

To receive FHA payments, the total value of your assets must be below \$5.5 million. Your total farm and non-farm assets are counted together.

This simplified test was introduced on 11 June 2020.

**Farm assets** include land, livestock, crop, plant, or equipment. The value of water rights will usually be included in your land value.

**Non-farm assets** include things you own that are not related to your farm business such as:

- |  |                                       |
|--|---------------------------------------|
| • cash   | • money on loan                       |
| • money in the bank (including Farm Management Deposits) | • real estate not related to the farm |
| • private vehicles                                       | • shares                              |

Generally, this does not include shares you need for your farm business (e.g. water or producer co-operative shares).

When you are preparing your information for Services Australia, you should include the value of your assets **minus** any debts against them (this is the net value).

When deciding on value you should use the current market value of your assets; **not** what you would like to be paid for them, the amount on your rates notice, or their insurance value. This value can be your estimate.

### Exception to the threshold – Assets Hardship

In exceptional circumstances where your assets are higher than the threshold, but you are in severe financial hardship, you may still be able to receive payments under the asset hardship rule.

Don't delay, contact Services Australia for assistance.

### Key points

- When applying for FHA, we need to know about your assets and income.
- The information is assessed similarly to other social security payments but some FHA-specific rules apply.

### To apply for FHA

- Call the Farmer Assistance Hotline on **132 316**.
- Apply online or download an application form at: [servicesaustralia.gov.au/individuals/services/centrelink/farm-household-allowance/how-claim](https://servicesaustralia.gov.au/individuals/services/centrelink/farm-household-allowance/how-claim).
- Visit a Services Australia service centre.

### Need some assistance?

- Don't have a Rural Financial Counsellor? It's a free service.
- Find one near you at [agriculture.gov.au/ag-farm-food/drought/assistance/rural-financial-counselling-service](https://agriculture.gov.au/ag-farm-food/drought/assistance/rural-financial-counselling-service) or call **1800 686 175** (9am to 5pm Monday to Friday EST) to be referred to your nearest provider.
- Support is available, don't self-assess. Services Australia and the Rural Financial Counselling Service can help you evaluate your situation and determine if FHA is right for you.

## Scenario for the asset test

**There are three categories of assets. While there is no distinction in the assessment of their asset value, these categories are important to work out which assets are producing (or losing) income.**

Jill and Tim own a mixed farm with livestock, an olive grove, machinery and olive oil processing plant.

**The farm enterprise:** The farm is worth \$3 million, and they have \$750,000 in plant, machinery and equipment. Their total gross farm assets are \$3.75 million. Jill and Tim have a bank loan of \$750,000 taken out against the farm.

The net farm assets are \$3 million (\$3.75 million – \$750,000).

**A directly-related business:** The olive press, bottling machine and packaging equipment are valued at \$350,000. Their purpose is to value-add to the raw material being produced on the farm.

The directly-related business assets are \$350,000.

**Non-farm assets:** They have a property in town worth \$450,000, \$80,000 cash in the bank, and shares worth \$20,000.

The net non-farm assets are \$550,000 (\$450,000 + \$80,000 + \$20,000).

**Jill and Tim's total assets are \$3 million + \$350,000 + \$550,000 = \$3.9 million.**

This is lower than the total asset threshold of \$5.5 million so Jill and Tim's applications for FHA can proceed to the next part of the assessment.



## Income

Income from all sources is assessed. Your partner's income may also affect your payment.

There is a threshold (or cut-off) figure. Payment stops completely for any recipient who earns above the threshold.

You must advise Services Australia of any income to make sure you are within the income threshold.

An income amount generally refers to:

- personal earnings
- profits from business
- monies
- valuable consideration.

Together these are called **ordinary income**.

From 11 June 2020, you will receive the maximum rate of FHA if your fortnightly income is below the income threshold. To check current payment rate amounts, visit [servicessaustralia.gov.au](https://servicessaustralia.gov.au) and search: [Guide to Australian Government Payments](#).

## Exempt Income

In some cases, **an income amount may be exempt from assessment**. Exempt income is income that is unlikely to be received again, cannot reasonably be expected or anticipated, and is not for services you have provided either directly or indirectly. They do not represent the receipt of money for services rendered directly or indirectly. Examples of exempt income are one-off gifts, or lump sum lottery wins.

### Exempt Lump Sums – Emergency Relief

The value of emergency relief or similar assistance is exempt income. However, depending on how the money is used, it may be counted under the assets test. If the money is invested, it may be deemed to earn income under the income test. Examples of exempt emergency relief lump sums include:

- Government assistance to victims of bushfires
- Drought financial assistance
- Flood financial assistance

Payments from trust funds that pay out assistance to people suffering losses from natural disasters are one-time relief payments and are NOT regarded as income.

There are other amounts which are exempt and are listed in legislation or named by the Minister or the Secretary.

More information about lump sums is available at [servicessaustralia.gov.au/individuals/topics/lump-sums-while-income-support/28961](https://servicessaustralia.gov.au/individuals/topics/lump-sums-while-income-support/28961).

## Business Income

- Most things you deduct for tax purposes you will also deduct for social security.
- A major exception is carried forward losses – you cannot use these.

## Profit and loss statements

- Use your last Income Tax Return information if it accurately captures what is happening now.
- If your income has changed, you should use an estimate. You can use the profit and loss form on the Services Australia website to quickly work out your position. Visit [servicessaustralia.gov.au/individuals/forms/su580](https://servicessaustralia.gov.au/individuals/forms/su580).

## Farm income

Farm income is the **profit** from your farm enterprise (estimated farm income minus estimated production costs).

## Off-farm income

Off-farm income is **any income not earned from your farm enterprise**. This includes:

- payment from agistment
- contracting work for harvesting, fencing or transporting
- off-farm employment
- rental income and dividends from shares.

Income that you earn through **another business you own**, that is not the farm enterprise, is declared as **profit** – the same as farm income.

Income that you earn as an **employee** is declared as **gross income (before tax)**.

## Farm business losses rule

If your farm business is operating at a loss, Services Australia will use that loss to offset your non-farm income up to a cap of \$100,000 per single or couple per financial year.

You don't need to apply the offset yourself when calculating your income, Services Australia will assess this when you report your income.

### Scenario

Mark and his partner are earning \$95,000 in off-farm income in the financial year. The farm is forecasting a \$150,000 loss. In total, Mark and his partner have made a \$55,000 loss (\$150,000 minus \$95,000).

Mark and his partner can apply the entire \$95,000 of their off-farm income against their farm business loss.

They will each receive the maximum rate of payment.

## Directly-related businesses

Income from businesses directly related to the farm enterprise (e.g. agistment) may be included in the \$100,000 offset under the **farm business losses rule**.

### Scenario

Sanjeet destocked his herd while his business was operating at a \$50,000 loss. Recent rain means his pastures have regrown. Rather than buying his own stock he allows another farmer to agist sheep with an agreed price of \$38,000. The agistment income will not affect Sanjeet's rate of FHA payment because he is operating at an overall loss of \$12,000 (\$38,000 minus \$50,000).



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