



Australian Government
Department of Agriculture,
Water and the Environment

Farm Household Allowance guidelines

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Contents

Using these guidelines.....	1
Introduction.....	2
FHA legislation and policy	2
FHA process	3
1 Qualification.....	5
2 Overview of qualification criteria as a farmer.....	6
2.1 Definition of a farmer	6
2.2 Labour, capital and income considerations	9
2.3 Farm enterprise – assessment of significant commercial purpose or character	12
3 Overview of qualification criteria as a partner	15
3.1 Qualification criteria.....	15
3.2 Definition of ‘member of a couple’ and ‘partner’	16
3.3 Grace periods.....	16
4 Entering into a financial improvement agreement.....	18
5 Cumulative eligibility.....	19
5.1 Time on payment	19
5.2 Debt	19
6 Residence requirements.....	20
7 Waiting periods.....	21
Exemption from waiting periods	21
7.1 Newly arrived resident's waiting period	21
7.2 Seasonal worker preclusion period	22
7.3 Income maintenance period.....	22
8 Multiple entitlement exclusion	23
9 FHA pay rates	24
10 Ancillary benefits	26
10.1 Energy supplement.....	26
10.2 Rent assistance	26
10.3 Pharmaceutical allowance	26
10.4 Telephone allowance.....	27
10.5 Remote area allowance	27
10.6 Bereavement payment.....	27
10.7 Health care card.....	28
11 Employment income nil rate period.....	29

12	Payment delivery	30
13	Advance payments	31
13.1	Qualification criteria.....	31
13.2	Hardship advance payment.....	31
14	Income test	33
14.1	Ordinary income.....	34
14.2	Deductions from income.....	35
15	Deemed income from financial assets	37
16	Assessment of business income	38
16.1	Business income estimates	38
16.2	Business income allowable and non-allowable deductions.....	39
16.3	Reconciliation of business income.....	41
17	Farm business losses rule offset	42
17.1	Off-farm income.....	42
17.2	Using the offset	42
18	Assets test	43
18.1	Non-farm assets.....	43
18.2	Farm assets.....	43
18.3	Asset disposal (gifting)	44
18.4	Loans as assets.....	44
18.5	Asset hardship rules	44
19	Overseas portability	46
20	Reciprocal obligation requirements	47
20.1	Capability assessments.....	47
20.2	Financial improvement agreement	47
21	Farm financial assessment	48
21.1	Requirement for a farm financial assessment	48
21.2	Consequences of failure to obtain farm financial assessment	48
21.3	Qualification for farm financial assessment supplement.....	49
21.4	Method of payment of farm financial assessment supplement	49
21.5	Qualification of financial assessor.....	49
22	Personal barriers assessment	51
23	Self-efficacy survey	52
24	Financial improvement agreements	53
24.1	Terms of a financial improvement agreement	53
24.2	Variation, cancellation and review	54
25	Activity supplement	55

25.1	Qualification for activity supplement.....	55
26	Exemptions from activity test.....	57
26.1	Temporary incapacity.....	57
26.2	Pregnancy.....	59
26.3	Defence Force Reserve service.....	59
26.4	Special circumstances.....	59
26.5	Essential farm activities.....	59
26.6	Domestic violence.....	60
26.7	Caring for a child with a disability.....	60
26.8	Requirement to satisfy activity test unreasonable.....	60
27	Notification of circumstances preventing or affecting compliance.....	61
28	Qualification failures.....	62
29	Conduct failures.....	63
30	Reasonable excuses.....	64
31	Taxation.....	65
32	Social security law.....	66
33	Review and appeals.....	67
	Glossary.....	68

Tables

Table 1	FHA pay rates.....	24
Table 2	Sources of income and period of effect.....	35
Table 3	Effect on FHA entitlement following reconciliation.....	41

Figures

Figure 1	Farm Household Allowance process.....	4
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Using these guidelines

These guidelines provide a high-level view of the policy for Farm Household Allowance and are to be read in conjunction with the relevant legislation.

This version of the guidelines includes legislative changes to the *Farm Household Support Act 2014* up to 1 July 2020.

Abbreviations used in these guidelines are in the [Glossary](#).

Introduction

Farm Household Allowance (FHA) is an Australian Government support package that's available to eligible farmers and their partners experiencing financial hardship. A common misconception is that FHA is a 'drought payment' but it is available for any type of hardship.

FHA provides targeted assistance that gives farming families practical support to assess their situation and plan a way forward to long-term financial security. There are 5 key elements to the program:

- 1) a fortnightly income support payment
- 2) ancillary allowances such as Telephone Allowance, Pharmaceutical Allowance, Rent Assistance, Remote Area Allowance, and a Health Care Card
- 3) an independent financial assessment of the farm enterprise up to \$1,500 in value
- 4) a \$10,000 activity supplement (lifetime capped) giving an opportunity to develop skills, access training and pay for advice to increase the capacity for financial self-reliance
- 5) case support from a Farm Household Case Officer (FHCO) to assist the recipient to achieve their financial self-sufficiency goal.

FHA can be paid to farmers and their partners up to a maximum of 4 cumulative years (1,460 days of payment) within the specific 10-year period while they take action to address their long-term financial security. Farmers meeting income eligibility requirements will be paid FHA at the maximum rate for the JobSeeker Payment (unless a recipient is under 22 years of age, in which case it will be paid at the maximum rate of the Youth Allowance). This 4-year period will provide recipients with sufficient time to develop strategies for self-reliance and create an incentive to make significant business decisions where the farm enterprise is unsustainable.

Each 10-year period is fixed in legislation. The first 10-year period runs from 1 July 2014 to 30 June 2024. The second period starts on 1 July 2024 and so on.

FHA legislation and policy

The FHA is legislated in the *Farm Household Support Act 2014* (FHS Act), separate from other social security payments but applying and notionally modifying the *Social Security Act 1991* (SS Act) and the *Social Security (Administration) Act 1999* (SS(Admin)Act).

The aim of the referencing system is to minimise administrative complexity but allow for alignment with social security legislation where appropriate. The legislation (and the legislative instruments created under it) details all aspects of the FHA, including the qualification requirements, payability settings and the reciprocal obligations framework. For the purpose of FHA, where a provision of the SS Act or SS(Admin)Act applies in relation to JobSeeker Payment or Youth Allowance, it generally applies in relation to FHA, unless the provision has been replaced, modified or turned off in the FHS Act or the *Farm Household Support (Consequential and Transitional Provisions) Act 2014*.

The Department of Agriculture, Water and the Environment administers FHA policy settings. Services Australia is responsible for program delivery including assessing applications, granting and administering payments and providing case management support to FHA recipients.

FHA process

The process to apply for FHA is similar to other payments made by Services Australia. [Income](#) and [assets](#) tests are used to assess the level of hardship and qualification for FHA. The more complex or intricate the financial situation, the more supporting information must be supplied. There are also specific [qualifications](#) that are assessed in the process for FHA. The steps of the FHA process are shown in Figure 1.

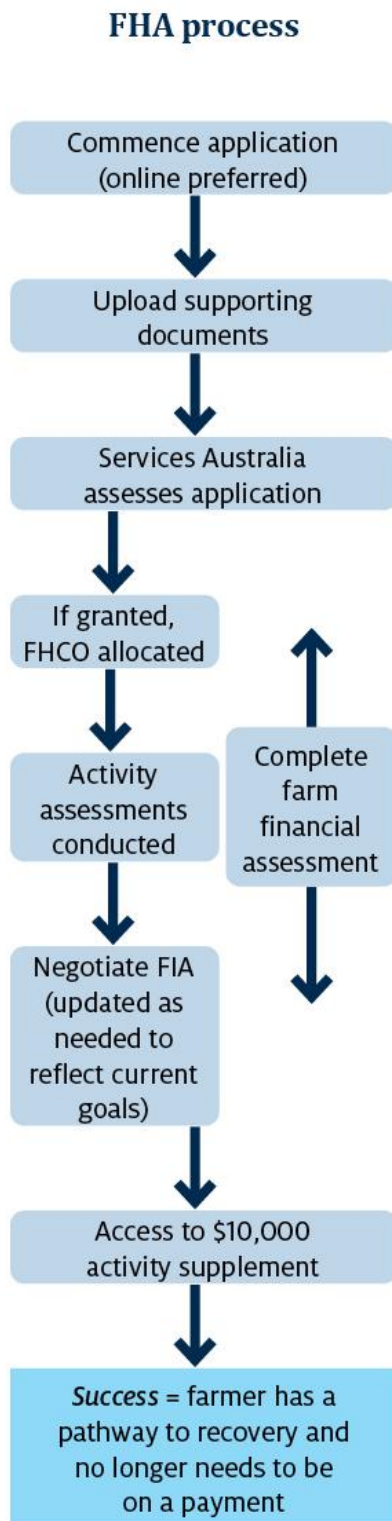
If payment is approved, recipients can start working with their Services Australia FHC to identify areas they need to change. As part of this process several activity assessments are conducted, and an independent farm financial assessment (FFA) is undertaken to help identify challenges and constraints and options for improving self-reliance. FHA applicants must be willing to undertake activities to improve their financial self-reliance to continue to qualify for payment.

Activities will be agreed between a recipient and their FHC and captured in a financial improvement agreement (FIA) which will be updated as required. Activities, such as training courses and obtaining external advice, should help recipients to either improve their income from on-farm activities, improve their prospects of gaining work outside the farm (off-farm activities) or identify opportunities to exit farming including through succession planning. FHA recipients may also be able to use part or all of their lifetime allocation of \$10,000 activity supplement to pay for advice or training.

If the farmer and/or their partner is also working with the Rural Financial Counselling Service, the plans developed with them to improve financial self-sufficiency will be a core focus of an FIA.

This personalised support also encourages people to use their FHA payments strategically – empowering them to decide when it is best to transition off payment and preserve their financial support for any future hardship.

Figure 1 Farm Household Allowance process



1 Qualification

A person may qualify for FHA as a [farmer](#) or, in situations where one member of a couple is not a farmer, they may qualify as a [farmer's partner](#). All aspects of the person's circumstances are looked at in the assessment process.

2 Overview of qualification criteria as a farmer

Under the FHS Act, a person is qualified for FHA if:

- a) the person is a farmer and
- b) the person contributes a significant part of his or her labour and capital to a farm enterprise and
- c) the farm enterprise has a significant commercial purpose or character and
- d) the land that is used for the purposes of the farm enterprise is in Australia and
- e) the person has turned 16 and
- f) the person is an Australian resident, and is in Australia and
- g) either:
 - i) the person has indicated, in writing, that they are willing to enter into, and comply with, a FIA or
 - ii) a FIA is in force in relation to the person and
- h) the person meets the 4 years or less requirement.

For more information, see section 8 of the *Farm Household Support Act 2014*.

2.1 Definition of a farmer

For the purpose of FHA, a farmer means a person who:

- has a right or interest in land and
- uses the land wholly or mainly for the purposes of a farm enterprise.

The definition of a 'farmer' captures individuals who have a right or interest in land used for the purposes of a farm enterprise. However, a person does not need to have total financial or legal control of the farmland to meet the definition. A person may meet the definition of a farmer if they have any legal or equitable interest in the land. For example, sharefarmers (individuals who have entered into an agreement to contribute resources to a farm enterprise in return for a share of profits) may meet the definition of a farmer.

The land must be used for the purposes of an enterprise carried on within any of the agricultural, horticultural, pastoral, apicultural or aquacultural industries.

2.1.1 Right or interest in land

A person may have a right or interest in land including through:

- ownership of land
- leasing of land
- sharefarming

- private companies and trusts that own land
- being an apiarist.

Ownership of land

A right or interest in the land can be established by ownership of the land, or a right to use the land under an agreement with the owner. This may include an interest by virtue of intra-family arrangements.

Leasing of land

A lessee has an interest in land usually supported through a formal contract.

Sharefarming

Individuals involved in a sharefarming arrangement can demonstrate that they have a right or interest in the land through a sharefarming agreement – where they have agreed to contribute resources to a farm enterprise in return for a share of profits.

Private companies

Where a private company or partnership owns the land, a person may have a right or interest in the land if they are a shareholder of the company or a member of the partnership. If a farmer leases land from their self-managed superannuation fund, they hold a right or interest in the land.

Trusts

Where a private trust owns the land, a person may have a right or interest in the land if they are a beneficiary of the trust and are able to demonstrate an interest in the trust property beyond an income entitlement through the terms of the trust deed or exercise of the discretion of the trustee. This interest could be demonstrated for example through the person:

- being entitled in future to some or all of the capital or assets of the trust either through the trust deed or some form of succession documentation
- having provided a beneficiary loan to the trust – in which case they have a legal right to call on the trust or
- having made a significant capital investment in the farm enterprise through purchasing assets such as machinery or investing in the running costs or improvements to these assets.

Apiarists

Individuals involved in bee keeping activities can demonstrate that they have a right or interest in the land if they can demonstrate that they have an agreement with the landowner to keep their hives on that land.

2.1.2 Farm enterprise

The farm enterprise is the business associated with the farmland and is therefore distinct from the farmland.

The definition of a farm enterprise is an enterprise carried on within the agricultural, horticultural, pastoral, apicultural or aquacultural industries. A farm enterprise may be engaged in these activities, defined as primary production under the Australian Taxation Office (ATO) [Taxation Ruling TR 97/11](#) (TR97/11):

- cultivation or propagation of plants, fungi or their products or parts (including seeds, spores, bulbs and similar things) in any physical environment
- maintenance of animals for the purpose of selling them or their bodily produce, including natural increase
- manufacturing of dairy produce from raw materials produced by the business.

Other primary production activities identified in TR97/11 are partially or fully outside of the scope of eligible industries (see [Farm enterprise – exclusions](#)).

Carbon farming

A farm enterprise can include circumstances where a farmer has set aside a portion of the farm as part of a 'carbon farming' activity, including biodiverse carbon plantings or revegetation, as this is considered as falling within the practice of the agricultural industry. However, any asset used for this activity could be a farm asset for the purposes of the assets test if it satisfies the definition of a [farm asset](#) in the FHS Act. It would be expected that these activities take place as part of a wider livestock or cropping enterprise and an enterprise that only undertakes carbon farming plantings would not be considered as a farm enterprise (it is unlikely that this would occur in practice).

Farm enterprise – exclusions

It is a longstanding policy of the Australian Government that that income support is not paid to commercial small businesses. The exception is farmers, mainly due to the illiquid nature of their assets and their unique circumstances. Forestry, while a primary production activity, is not considered to be an enterprise falling within the agricultural, horticultural, pastoral, apicultural or aquacultural industries.

An enterprise run as a forestry business does not meet the definition of a 'farm enterprise' for the purpose of FHA. Therefore, individuals who have a right or interest in land used wholly or mainly for forestry purposes do not meet the definition of a 'farmer' on that basis.

It should be noted that 'carbon farming' plantings are considered to differ from commercial forestry plantings in that they are not undertaken with the intention of future harvesting (as any carbon sequestered in the vegetation is lost if the plantings are harvested).

See information in [Assets test](#) related to the assessment of assets used to undertake forestry activities.

Similarly, hunters and wild-catch fishers do not meet the definition of a farmer for FHA purposes as their operations can be more accurately described as harvesting as they are not involved in husbandry or caring for the animal prior to harvest. Welfare payments for harvesters also poses a problem of extending a full-time payment to what, for many, is a part-time industry.

Hunters and wild-catch fishers have broad stewardship responsibilities for the resources and land they operate, any right or interest they hold in the land they use is not considered to be for the purpose of undertaking a farm enterprise as defined in the FHS Act. Hunters and wild-catch fishers also have a greater opportunity to move elsewhere to make a living from the same or other work, than those who farm the land.

FHA recognises that during periods of hardship, farmers have legislated requirements in terms of land management, including water, chemical use, pest management and other responsibilities that support their stock of natural capital. Additionally:

- FHA also recognises that the farmer must put money, time and effort into producing their commodity/ies and that this curtails or prevents their ability to work elsewhere.
- Fish stocks are a common resource managed by government fisheries officers. During times of limited or no fishing, fishers are not required to perform a stewardship role to maintain the fishery. Hunters are usually employed to target wild and/ or feral pest animals. Again, there are no stewardship responsibilities for the hunter.
- Unlike most farmers, boat owners normally reside in coastal communities, and hunters are accustomed to being mobile to access work opportunities. They generally have access to alternative employment options with mainstream welfare such as JobSeeker Payment available to those who are genuinely seeking work but unable to obtain it. Additionally, boat owners generally do not have to maintain a presence on their vessels during downtime and are free to pursue other employment.
- The FHA applies to farm owners, rather than farm managers and workers. The equivalent in the fishing industry is boat owners rather than the quota holders, skippers or deck hands.

For more information, see section 5 of the *Farm Household Support Act 2014*.

2.2 Labour, capital and income considerations

The requirement of a significant labour and capital contribution can be assessed on a case-by-case basis according to the current circumstances that the individual is subject to. Depending on the commodity or the climatic conditions, there are likely to be times when a farmer is not required to be physically present on farm and can take advantage of that opportunity to gain off-farm employment for a period. While this person is not physically present, providing that on balance they have met the significant labour and capital contribution, they may continue to qualify as a farmer.

However, these requirements are designed to be assessed in tandem with each other as they comprise a complete picture of the farming operation. These criteria are designed to prevent either hobby farmers or people who are wholly or substantially absent farmers claiming payment.

One example of an absent farmer could be a person who is a resident in a nursing home. A nursing home resident who is taken to the property on occasion and who may, for example, feed animals while visiting the property, does not meet the threshold of 'significant labour'.

In addition, considering the farm enterprise separately from any other employment or business carried on by the farmer addresses the issue that during times of significant business stress it is likely that off-farm income will play a much greater role in supporting the farming enterprise. The income test provisions are the proper mechanism to determine when and how farmers in this position should be paid, rather than relying on a catch-all definition that disadvantages those who have proactively sought to diversify their operations and spread their risk.

For more information, see section 8 of the *Farm Household Support Act 2014*.

2.2.1 Effective control

A farmer is required to be in effective control of the relevant farm or farm enterprise in order to qualify, and remain qualified, for the payment. Examples of cases in which it may be considered that an individual is not effectively in control of a farm or farm enterprise are when a mortgagee has taken possession of a farm, when an individual is a bankrupt or when an eviction notice has been served on an individual in respect of a farm. Beneficiaries of a private trust, or shareholders in a private company are unlikely to be able to demonstrate effective control. In these instances, the Controller of the trust, or the Director of the company are more likely to be able to demonstrate the necessarily control of the entity.

This requirement is not intended to exclude sharefarmers who may not have full managerial control of the farm enterprise under their sharefarming agreement.

For more information, see section 12 of the *Farm Household Support Act 2014*.

2.2.2 Significant labour

This section describes provisions for determining contribution of significant labour to the farm enterprise. It covers:

- assessment of significant labour
- temporary illness or injury.

Assessment of significant labour

The purpose of the significant labour qualification requirement is to exclude individuals who meet the definition of a 'farmer' but whose principal occupation is not farming. The requirement excludes absent or retired farmers, such as a farmer who is in a nursing home or an investor in a farm enterprise.

An assessment of the labour a person contributes to a farm, will seek to establish that the labour is both significant to the individual and to the farm enterprise.

An assessment should examine the applicant's time spent working the farm enterprise as compared with his or her other activities (for example, off-farm employment).

When balancing labour from other activities such as employment, it is important to consider if the off-farm work is sporadic or episodic and how it works around the requirements of the farm. The change in December 2019 to the FHA income test that allows farm business losses to offset other income could bring new scrutiny to the assessment of significant labour. Previously applicants or recipients were unlikely to qualify due to the income test, which treated the farm loss as zero, rather than a negative. A number of these people will no longer be automatically excluded.

The assessment of significant labour does not require a defined proportion of labour for the qualification requirement to be satisfied, rather, it is determined on a case-by-case basis. However, focus will be given to enterprises that have a low year-on-year performance and require a continual injection of capital from off-farm sources. These farms may be assessed as not having a significant commercial purpose or character. If it is accepted that they are commercial and the significant labour test is met, the FHA recipient can expect that their activity

requirements will be focused on making changes to their operation, or consideration of an exit from farming.

As the farm enterprise is distinct from the farmland, a person may meet the qualification requirement that they contribute a significant part of their labour to a farm enterprise even if they do not undertake physical labour on the farm, such as milking the cows or driving the tractor. Labour includes non-physical activities, such as financial and administrative management of the farm enterprise. For example, where the farm enterprise is operated as a partnership and one member is largely responsible for the physical labour and another for the book work, the person who is responsible for the book work may still qualify because he or she contributes a significant part of his or her labour and capital to a farm enterprise. However, domestic duties are not considered farm labour.

For more information, see section 8(b) of the *Farm Household Support Act 2014*.

Temporary illness or injury

Where a farmer is incapacitated by a temporary illness or injury which results in an exemption from the activity test, they will be taken to contribute a significant part of their labour to a farm enterprise if, immediately prior to the temporary illness or injury, they had been contributing a significant part of their labour to a farm enterprise.

For more information, see sections 11 and 31 of the *Farm Household Support Act 2014*.

Box 1 Examples of farmers who do not meet the labour test

Example 1

A woman has a one-third share of a vineyard and contributes labour to the vineyard a few weekends each year and receives a wage for her labour, like other vineyard employees. She works full time as a mechanic and derives most of her income from this work. The labour provided at the vineyard in this example is not significant to her or to the farm enterprise.

Example 2

A man in his 80's has become permanently confined to a wheelchair. He is mainly confined to the house, or to trips beyond the farm gate. He occasionally ventures out onto the farm to feed the animals near the house and provide guidance to the farm workers. The temporary incapacity exclusion cannot be applied as the incapacity is permanent. While the labour is significant to the person and he identifies himself as a farmer, most of the labour for the farm enterprise is provided by others, therefore his labour is not significant to the farm enterprise.

Example 3

A man owns farmland in Queensland where he raises cattle and undertakes employment as a communications manager (over 2-hours away from the farm). He leaves his cattle to naturally graze while working and has an arrangement with a neighbour to check on the herd. He travels every second weekend to the farm and undertakes some farm activities, but contracts in most farm labour required to maintain the property. The hours spent undertaking employment activities is more significant than the hours spent on farm enterprise activities, and professionally the person identifies themselves as a communications manager. It is noted that due to the capital contributed by the person they would pass the significant capital test, but the labour contributed is not significant.

2.2.3 Significant capital

The purpose of the capital qualification requirement is to exclude individuals who meet the [definition of a farmer](#) but who do not have a significant financial investment in the farm enterprise. These potential applicants are better positioned to claim social security payments targeted at non-farmers as their assets are unlikely to preclude them from other payments.

Assessment of significant capital

The assessment of significant capital does not require a defined proportion of capital for the qualification requirement to be satisfied. Rather, it is determined on a case-by-case basis. Assessment of significant capital contribution is in comparison to other capital and liabilities the farmer holds.

The capital contributed by the individual must also be significant to the farm enterprise. The assessment of capital examines only the applicant's contributions of capital to the farm enterprise and is not a comparison of the total contribution of capital where other individuals are also involved in the farm enterprise.

For more information, see section 8(b) of the *Farm Household Support Act 2014*.

Box 2 Examples of farmers who do not meet the capital test

Example 1

A man is given a small share of approximately \$1,000 in the family's farm enterprise and holds \$100,000 in other property assets. He works full-time on the family farm and receives approximately \$25,000 per year from the farm turnover for his labour. While he has a right or interest in the farm enterprise and contributes significant labour, this person does not qualify for FHA as he does not contribute significant capital to the farm enterprise as his investment of \$1,000 in comparison to his other capital assets of \$100,000 is not a significant capital contribution.

Example 2

A person has a share of a farm enterprise. Their capital contribution is a spray unit they brought into the enterprise at a value of \$25,000. The farm enterprise has \$4 million in assets and a turnover of over \$250,000. While the contribution of the equipment may be significant to the individual providing it, this amount of capital contribution is not significant to the enterprise.

2.3 Farm enterprise – assessment of significant commercial purpose or character

The farm enterprise to which a person or their partner contributes a significant part of his or her labour and capital must also have a significant commercial purpose or character. This requirement prevents 'hobby farmers' from qualifying for payment. A hobby farmer is a person with a right or interest in a small-scale operation that is maintained without expectation of it being their primary source of income. To determine which enterprises meet the commerciality test there is a set of characteristics (also used by the ATO) that the decision maker must work through. These characteristics are set out in a Secretary's Rule.

2.3.1 Secretary's Rule considerations

Section 5 of the *Farm Household Allowance Secretary's Rule 2014* (the Secretary's Rule) outlines factors which must be considered when determining whether a farm enterprise has a significant

commercial character. These factors are informed by TR97/11 which considers available case law in outlining the factors which contribute to someone carrying on a business of primary production. While none of these factors determine a significant commercial character on their own, collectively a combination of these factors can demonstrate that the farmer (and their partner as the case may be) intend to generate their primary income from the farm.

Under section 5 of the Secretary's Rule the matters that must be considered when determining if a farm enterprise has a significant commercial purpose or character for FHA purposes are:

- a) whether a business plan has been drawn up for the farm enterprise
- b) if the person or the person's partner (where the person is not a farmer) is not an expert in respect of the farm enterprise
 - i) whether relevant expert advice has been sought about the farm enterprise from a relevant authority, an experienced farmer or an agent, or
 - ii) whether relevant technical literature on the farm enterprise has been obtained
- c) whether it has been established that the land that is used for the purposes of the farm enterprise is suitable for the farm enterprise, including by analysing soil and water samples
- d) whether the person or the person's partner (where the person is not a farmer) has
 - i) considered if there is a commercial market, or a potential commercial market, for the farm enterprise, and
 - ii) investigated the capital requirements of the farm enterprise, including by planning how capital for the farm enterprise will be obtained and used, and
 - iii) conducted research into the farm enterprise confirming (based on market prospects, the expected level of production, and the running costs, of the farm enterprise) that profits can be expected, and
 - iv) ensured the size and scale of the farm enterprise is sufficient for a commercial enterprise
- e) whether legal requirements required to operate the farm enterprise on a commercial basis have been, or could at the appropriate time be, complied with
- f) whether there is
 - i) an intention to make a profit in respect of the farm enterprise, and
 - ii) a reasonable belief that the farm enterprise is likely to generate a profit.

These characteristics are to be evaluated on a case-by-case basis. While required in all circumstances to be assessed, these matters are not exhaustive as these factors could be fulfilled by a business with low stock numbers or a low value of crop production. Accordingly, significant commercial character must also be assessed with reference to the [other considerations](#).

For more information, see section 8(c) of the *Farm Household Support Act 2014* and section 5 of the *Farm Household Support Secretary's Rule 2014*.

2.3.2 Other considerations

In addition to the factors which must be considered under the Secretary's Rule, consideration may also be given to agricultural value indicators and the farm enterprise's turnover when assessing whether the farm enterprise has a significant commercial character.

Agricultural value

Agricultural value takes into consideration how the enterprise performs in comparison to the broader agricultural industry.

Turnover

Annual turnover is the total ordinary income that a business derives in the income year in the course of running the business. This may otherwise be referred to as gross income, net sales, cash receipts, or the Estimated Value of Agricultural Operations (EVAO).

Estimated value of agricultural operations (EVAO)

The EVAO is a measure of agricultural value determined by the Australian Bureau of Statistics, which uses 3-year weighted averages across different farming commodity values to estimate the relative size of a business's agricultural activity. The current minimum EVAO value for a farm enterprise is \$40,000. Anything below this level is deemed to be unable to support a person and is therefore a hobby farm.

Exceeding the minimum EVAO contributes to demonstrating a significant commercial character (also see [Goods and services tax \(GST\)](#)). Where a farm enterprise does not currently meet the EVAO consideration may be given to whether it has been met in the last 4 years or if there is a reasonable expectation that it could meet the EVAO in future years in current conditions.

Goods and services tax (GST)

For GST purposes an enterprise must be registered with the ATO as a business where the annual GST turnover (gross income minus GST) is \$75,000 or more. Generally, to be considered to have a commercial character, a farm enterprise should be operating at, or show that they have recently met the GST registration threshold.

For more information see the ATO guide [Registering for GST](#).

Productivity

The financial performance of broadacre farming in Australia is outlined in annual statistical reporting undertaken by the Australian Bureau of Agricultural and Resource Economics and Sciences. When determining whether a farm enterprise has a commercial character, consideration will be given to whether the farm income and/or profit is within a 50% range of the average for the relevant commodity sector in the relevant year.

If a farm enterprise falls below this range consideration may be given to whether at the time the person is claiming their results are out of character for their enterprise, or if there is some other reason why it would be acceptable to be in the lower range but still be considered to have a significant commercial character.

Animal breeders including breeding domestic animals

Where low-number breeding is undertaken, for example breeding domestic dogs or cats for sale, consideration may be given to whether the enterprise is of a scale that there is a prospect of profit for the commodity.

3 Overview of qualification criteria as a partner

An individual who is not a farmer in their own right but is the partner of a farmer, may qualify for FHA. Where both members of a couple are farmers, they may both qualify under the farmer criteria. A person's qualification for FHA as a farmer should be assessed prior to assessing their qualification as a partner of a farmer. This is because a person cannot qualify for FHA as a farmer's partner if they qualify as a farmer under section 8 of the FHS Act. This also means that their FIA is likely to centre on off-farm goals and activities.

A person may qualify for FHA as the partner of a farmer even if the farmer is not receiving or does not qualify for FHA under section 8 of the FHS Act. However, their partner (the farmer) must meet the [Definition of a farmer](#) in sections 8 (a), (b), and (e) of the FHS Act, and the farm enterprise must meet the criteria set out in sections 8 (c) and (d), as further explained in the Definitions in section 5, and satisfy relevant qualification criteria set out under section 9 of the FHS Act.

3.1 Qualification criteria

Under section 9 of the FHS Act, to qualify for payment as a farmer's partner a person must meet these criteria:

- a) the person is not qualified for FHA under section 8
- b) the person is a member of a couple
- c) the person's partner is a farmer
- d) the farmer contributes a significant part of his or her labour and capital to a farm enterprise
- e) the farm enterprise has a significant commercial purpose or character
- f) the land that is used for the purposes of the farm enterprise is in Australia
- g) the farmer resides in Australia
- h) the person is an Australian resident, and is in Australia, and
- i) either:
 - i) the person has indicated, in writing, that the person is willing to enter into, and comply with, a FIA, or
 - ii) a FIA is in force in relation to the person, and
- j) the person meets the 4 years or less requirement.

If the person or the person's partner ceases to meet one or more of the requirements set out in section 9 of the FHS Act, at that point in time the person ceases to qualify for FHA as a 'partner of a farmer' under section 9 of the FHS Act. This includes, subject to any [Grace periods](#), if the person ceases to be a member of a couple, or if the person's partner ceases to:

- meet the definition of farmer (including because they have died)

- contribute a significant part of their labour and capital to a farm enterprise or
- reside in Australia.

3.2 Definition of ‘member of a couple’ and ‘partner’

To satisfy the qualification requirements in paragraphs 9(b) and (c) of the FHS Act, a person must be a member of a couple, and their partner – the other member of the couple – must be a farmer, as defined in section 5 of the FHS Act.

A person is a member of couple if they are legally married to, in a registered relationship with, or in a de facto relationship with another person, whether of the same sex or a different sex; and they are not living separately and apart from the other person on a permanent or indefinite basis. In determining whether a person is a member of a couple, consideration must be given to the financial aspects of the relationship, the nature of the household, the social aspects of the relationship, any sexual relationship between the people, and the nature of their commitment to each other.

A partner in relation to an individual who is a member of a couple is the other member of the couple.

This excludes former partners from whom they have separated, whether they were legally married or otherwise.

For more information, see section 9 of the *Farm Household Support Act 2014* and sections 4 and 24 of the *Social Security Act 1991*.

3.3 Grace periods

There are several grace periods that apply when an individual’s partner ceases to be a farmer, or the individual ceases to be the partner of a farmer. Grace periods provide the individual with time to test their eligibility for other social security payments without being cut-off from income support.

Prior to the application of a grace period, the individual should first be assessed to determine if they now qualify as a farmer under section 8 of the FHS Act.

3.3.1 Gaol or psychiatric confinement

Where an individual was qualified to receive FHA as the partner of a farmer, and their partner is subject to either imprisonment or psychiatric confinement (and would therefore fail to be contributing a significant part of his or her labour or capital to the farm enterprise), the individual will continue to qualify to receive the payment for a further 14 weeks. The period commences from the date that the individual would have ceased to qualify for FHA due to the imprisonment or committal to psychiatric confinement.

At the end of this grace period, if their partner is still subject to imprisonment or psychiatric confinement, the individual will no longer qualify for payment as a partner of a farmer.

The grace period provides the individual with time to test their eligibility for other social security payments without being cut-off from income support. This grace period would also allow time to place the farm on the market if that is considered the best way forward. In turn, putting the farm on the market may allow the individual to qualify for either JobSeeker Payment

or the Age Pension under asset hardship provisions (if the asset value was too high for the usual limits).

For more information, see section 10 of the *Farm Household Support Act 2014*.

3.3.2 End of relationship

Where an individual is qualified to receive FHA as the partner of a farmer, and the individual ceases to be a member of a couple with the farmer (including due to the death of the farmer), the individual will continue to qualify to receive the payment for a further 14 weeks. The period of 14 weeks commences from the date the relationship ended.

This grace period applies in situations where the relationship ends due to:

- a break-up, or
- the death of the farmer.

Prior to the application of this grace period, the individual should first be assessed to determine if they now qualify as a farmer under section 8.

The clause regarding the break-up of a relationship will allow FHA recipients who left the relationship due to domestic violence to apply for the Crisis Payment.

By extending a 14-week grace period in cases where the farmer has died, the surviving partner will be able to receive the lump sum Bereavement Payment. The grace period also provided time to test their eligibility for other social security payments or to place the farm on the market, as per the details in 3.3 Grace period – gaol or psychiatric confinement.

For more information, see section 10 of the *Farm Household Support Act 2014*.

4 Entering into a financial improvement agreement

A FIA is a planning tool for farmers and their partners to work towards improving their capacity for self-reliance and long-term financial security. It is negotiated between the recipient and their FHC0.

The aim of the FIA is to clearly identify and plan a pathway to increased financial security. It is integral to the aims of the program as the agreed objectives are designed to develop the recipient's skills and provide the advice necessary to improve their capacity for long-term financial self-reliance. Consideration should be given to increased income from both on and off-farm sources. In many smaller scale operations, a reliable off-farm income stream may be integral to the viability of the enterprise as economies of scale are limited.

Where the partner of the farmer has little or no involvement in the farming enterprise, the FIA should be structured around their own skills and aspirations.

Further details about the components and requirements of FIAs are outlined in [Financial improvement agreements](#).

Applicants for FHA must be willing to enter into and comply with an FIA – it is a qualification for payment. They indicate this in writing through the application process. A person cannot be paid FHA if they either:

- indicate they are not willing to enter into an agreement or
- refuse to enter into an FIA.

The applicant or recipient must enter into an FIA within 28 days of notification that they are required to do so, however an extension of up to a further 28 days may be granted. Where an individual has not entered into an FIA by the due date, the Secretary may determine that they have committed a qualification failure, which means FHA ceases to be payable. If a person does not enter into an FIA within 13 weeks they will no longer qualify for FHA.

For more information, see sections 9, 14 and 71 of the *Farm Household Support Act 2014*.

5 Cumulative eligibility

5.1 Time on payment

Individuals can receive FHA for a cumulative period of up to 4 years (counted as 1,460 days) within a 10-year period. There is no limitation on the timeframe within that 10-year period over which an individual can be paid and the period(s) of support do not need to be consecutive.

It is important to note that each 10-year period is fixed in the FHS Act. The first 10-year period runs from 1 July 2014 to 30 June 2024. The second period starts on 1 July 2024 and so on.

For example: A person may first claim payment in 2022 (8 years into the first 10-year period) and therefore will not be able to be paid 4 years within that 10-year period. However, they can remain on payment in the second 10-year period and will not experience any break in their payment. The 1,460 days of entitlement reset from 1 July 2024, the person will only be able to use a total of 14,60 days for the new specified 10-year period commencing 1 July 2024).

A person's cumulative period of FHA is the total number of days for which a person qualified for FHA and FHA is payable to a person. This includes non-consecutive days and days when the person qualifies as either a farmer or a partner of a farmer. When a person's allowance rate for a day is nil, the day does not count towards their 4 cumulative years of FHA.

The only exception is if a person's allowance rate has been reduced to nil on a day only because they had been paid an advance of the pharmaceutical allowance. In this case FHA is still payable and this day counts towards their 4 cumulative years of FHA.

[Waiting periods](#) served by an individual are not counted for the purpose of calculating their 4 years of entitlement.

5.2 Debt

If a debt is raised and a notice is given that it must be repaid, this action results in FHA not being payable to a person on a day, and as a result this day does not count towards the person's cumulative period of FHA. This means that once the debt is raised and notified to the person the number of days is re-credited. The person can use these days at any time in the 10-year period.

For more information, see sections 6, 8(h), 9(j) and 37 of the *Farm Household Support Act 2014*.

6 Residence requirements

It is a qualification requirement for FHA that an individual must be an Australian resident and be in Australia. To be an Australian resident, an individual must:

- reside in Australia, and be
- an Australian citizen, or
- the holder of a permanent visa, or
- a Special Category Visa (SCV) holder who is a protected SCV holder.

Since 1 July 2016, under the federal normalisation reforms, eligibility for FHA has been extended to residents of Norfolk Island as an Australian territory.

For more information, see sections 8(f) and 9(h) of the *Farm Household Support Act 2014* and section 7(2) of the *Social Security Act 1991*.

For general information on residency refer to the [Social Security Guide](#).

7 Waiting periods

Individuals qualifying for FHA are subject to waiting periods under the FHS Act. FHA is not payable until all the relevant waiting periods have ended. Waiting periods served by an individual are not counted for the purpose of calculating their 4-year cumulative period of FHA. Circumstances where a waiting period applies are explored in further detail throughout this section.

On 5 April 2017 changes to the FHS Act has removed the requirement for new recipients to serve an Ordinary Waiting Period and the Liquid Assets Waiting Period. The Newly Arrived Resident's Waiting Period remains in effect.

If more than one waiting period applies to a recipient, FHA is not payable until all the waiting periods have ended. In these cases, the waiting periods are served concurrently, and the end date is the day on which the longest period ends.

For more information, see Part 2, Division 6, Subdivision C of the *Farm Household Support Act 2014*.

For general information on the application of waiting periods refer to the [Social Security Guide](#).

Exemption from waiting periods

Recipients can be exempted from some waiting periods in specified circumstances.

For information on the exemption from waiting periods refer to the [Social Security Guide](#).

7.1 Newly arrived resident's waiting period

Most migrants do not have immediate access to social security payments when they first arrive in Australia and must serve a newly arrived resident's waiting period (NARWP). This precludes newly arrived residents from receiving the payment for a period of 208 weeks, subject to certain exceptions. An individual must be an Australian resident and in Australia for the whole duration of the NARWP.

The start date of the waiting period is not linked to the application for FHA. The person may self-serve part of or all of the period. A NARWP generally commences on the latest of:

- the date the person arrived in Australia, or
- the date the person was granted permanent residence.

Generally, the NARWP related to FHA ends when a person has been an Australian resident and in Australia for the relevant number of weeks. Previous periods of Australian residence can count towards the NARWP.

For more information, see sections 42 and 43 of the *Farm Household Support Act 2014*.

For further information on the NARWP refer to the [Social Security Guide](#).

7.2 Seasonal worker preclusion period

FHA is subject to a seasonal worker preclusion period (SWPP). A SWPP is the period during which a seasonal/intermittent worker is not eligible to receive a social security payment. The SWPP applies to a recipient if they or their partner have been engaged in seasonal work in the 6 months prior to claiming FHA. Seasonal work means work that, because of its nature or the industry, is performed for only part of the year at approximately the same time or times every year. It also includes certain other kinds of intermittent work, such as short-term contract work.

Under the SWPP rules, a person is precluded from receiving a payment for the period it would take an average wage earner to earn the same amount of income. This rule applies to:

- single people whose earnings from seasonal work exceeded the average weekly ordinary time earnings (AWOTE)
- couples whose combined earnings were more than twice the AWOTE.

For example: A person may work at a native plant nursery for 6 weeks every summer harvesting native grass seed by hand. They are paid \$1,000 per day for this period for earnings totalling \$30,000. If the AWOTE is \$1,500 then, the person would serve a SWPP of 20 weeks.

The purpose of the SWPP is to ensure that these workers, who have generated a very high income, use this before accessing social security payment during the 'off-season'.

Is farm work seasonal work?

Work on the farm enterprise in which a person has a right or interest would not normally be seasonal work, although this will depend on the circumstances. However, work that is undertaken on an unrelated farm enterprise may be considered seasonal work, if it satisfies the definition of seasonal work under the section 16A of the *Social Security Act 1991*.

For more information, see section 48 of the *Farm Household Support Act 2014*.

For general information on the application of an SWPP refer to the [Social Security Guide](#).

7.3 Income maintenance period

As with other social security payments, applicants for FHA may be subject to an income maintenance period (IMP). During these periods, the applicant may not be able to receive an income support payment. The IMP applies when a person has received a termination and/or a leave payment from an employer. These amounts are treated as ordinary income. An IMP applies where an individual:

- is in continuing employment but is on leave and is entitled to receive a leave payment
- has had their employment terminated and receives a termination payment.

For general information on the application of an IMP refer to the [Social Security Guide](#).

8 Multiple entitlement exclusion

A person cannot receive FHA when they are already receiving a social security pension, a service pension, or an income support supplement, or if any of these become payable to the person. The multiple entitlement exclusion means the person must choose one payment.

A person should always be paid the most appropriate payment for their circumstances.

To maintain consistency with other social security payments made under other Acts, there are 2 exceptions to the multiple entitlement exclusion for FHA. The first applies to a woman who has been receiving a pension under the *Veterans' Entitlements Act 1986* continuously since before 1 November 1986 and was also receiving a social security benefit before that date. The second applies to a person who has made an application for a payment under the ABSTUDY scheme in certain circumstances.

From time-to-time people already receiving a payment such as Age Pension may inquire about surrendering their pension in favour of claiming FHA. These inquiries are best directed to Services Australia, particularly a Financial Information Services Officer. There are several factors the person needs to weigh before making the decision. For example, pensions are paid at a higher fortnightly rate, have a different income test, and do not have any activity requirements. In addition, a Pension Concession Card frequently enables the holder to access a range of concessions from utility and other providers not available to Health Care Card holders (which includes most FHA recipients).

For more information, see section 38 of the *Farm Household Support Act 2014*.

9 FHA pay rates

The rate of payment of FHA is determined by an income test using JobSeeker Payment and Youth Allowance rate calculators in the *Social Security Act 1991* as applied and notionally modified by the *Farm Household Support Act 2014*, as indicated in Table 1.

The final payment received will depend on a recipient's circumstances. The general method for calculation is set out in Box 3. Box 4 outlines the categories for family situations which effect payment rate.

The amount to pay is assessed every time payment is due to be released using the relevant rate calculator. From 11 June 2020, if any FHA is payable after the [Income test](#) is applied the maximum rate will be paid, rather than a tapered rate paid previously. Income will still be assessed and those over the threshold will not be paid (no change), those under the income threshold will automatically receive the maximum amount of payment (rather than a tapered rate). See [Income test](#) for information on how income from different sources is treated.

It is crucial for recipients to keep Services Australia updated about their circumstances. It is also useful for recipients to keep a record of what they have declared, including the date, to be better prepared when amending the previous declaration.

Table 1 FHA pay rates

Person who...	FHA rate equivalent to...	Calculated using
Has not turned 22	Youth Allowance	Youth Allowance Rate Calculator
Has turned 22	JobSeeker Payment	Benefit Rate Calculator B

Pay rates are indexed twice a year on 20 March and 20 September (for JobSeeker Payment equivalent payments) and on 1 January (for Youth Allowance equivalent payments).

Box 3 Steps in rate calculation

(1) The usual steps in the rate calculation process are:

- (a) start with a maximum basic rate
- (b) add any additional amounts that are subject to income or assets testing
- (c) apply the income and assets tests
- (d) add any additional amounts that are not subject to income or assets testing.

(2) The overall rate calculation process is usually described in an early Module of the relevant Rate Calculator.

Source: section 1062 of the *Social Security Act 1991*.

Box 4 Rate calculation – standard categories of family situations

(1) The Rate Calculators use these standard categories of family situations:

- not member of a couple

- member of a couple (or partnered)
- partnered (partner getting neither pension nor benefit)
- partnered (partner getting pension or benefit)
- partnered (partner getting pension)
- partnered (partner getting benefit)
- partnered (partner in gaol).

Note: See section 4 of the *Social Security Act 1991* for definitions of those terms.

(2) If it is necessary to distinguish between the members of sub-categories of these standard categories further words of description are added to the standard category label.

Source: section 1063 of the *Social Security Act 1991*.

For more information, see sections 56 and 61 of the *Farm Household Support Act 2014* and Youth Allowance Rate Calculator and Benefit Rate Calculator B in the *Social Security Act 1991*.

For more information refer to the Social Security Guide sections relating to [Jobseeker Payment & Youth Allowance rates](#) and [Benefit income test & limits](#).

10 Ancillary benefits

In addition to the fortnightly payment, FHA recipients may be entitled to a range of ancillary benefits.

10.1 Energy supplement

Recipients of FHA who are over 22 are automatically entitled to the energy supplement, paid at the same rate as if they were eligible for JobSeeker Payment. The rate of this supplement is not affected by an individual reaching pension age.

For more information, see sections 58 and 62 of the *Farm Household Support Act 2014*.

For information on the payability of the Energy Supplement refer to the [Social Security Guide](#).

10.2 Rent assistance

Rent assistance (RA) is a supplementary payment added on to the FHA for recipients in the private rental market, in recognition of the housing costs they face.

FHA recipients may be entitled to RA if they pay, or are liable to pay, rent (other than Government rent) above the specified rent threshold in respect of a premises in Australia. The exceptions are:

- an ineligible homeowner
- an aged care resident or a person who is taken to be an aged care resident for the purposes of the relevant Rate Calculator.

The person must also satisfy the specific RA requirements that apply for Youth Allowance or JobSeeker Payment, depending on whether they have turned 22.

For more information, see Chapter 3, Part 3.7, Division 2 of the *Social Security Act 1991* and the [Social Security Guide](#).

10.3 Pharmaceutical allowance

The pharmaceutical allowance (PhA) helps with the cost of buying prescription medicines under the Pharmaceutical Benefits Scheme.

To qualify for PhA, an FHA recipient must:

- have been granted an incapacity exemption from the activity test, or
- be single and the main carer of a dependent child.

For more information, see sections 59 and 63 of the *Farm Household Support Act 2014*.

For general information on PhA refer to the [Social Security Guide](#).

10.4 Telephone allowance

Telephone allowance (TAL) is a supplementary allowance intended to assist certain FHA recipients who are telephone subscribers, with the cost of maintaining a telephone service and a home internet connection.

A telephone subscriber is an individual who has a telephone line or mobile phone service connected in either their own name, or their partner's.

TAL is a quarterly payment that is paid into a recipient's bank account on or after the TAL test days of 1 January, 20 March, 1 July and 20 September each year.

To qualify for TAL, an FHA recipient must:

- be over 60 and have been receiving payment continuously for at least 9 months, or
- be single and the main carer of a dependent child, or
- be the main carer of a dependent child and have a partner who is over 60 and have been receiving payment continuously for at least 9 months.

TAL is paid at the rate outlined in the guide to Australian Government payments. However, recipients of FHA who qualify for TAL may also qualify for the increased rate of TAL.

For general information on TAL refer to the [Social Security Guide](#).

10.5 Remote area allowance

Recipients of FHA may qualify for the remote area allowance (RAA), which helps to meet additional costs associated with residents in remote areas. It recognises that many income support recipients who do not pay tax, or pay very little tax, do not receive the full benefit of tax zone rebates. RAA contributes towards some of the higher costs associated with living in particularly remote areas.

To qualify for RAA an individual must:

- 1) be receiving FHA, and
- 2) be physically present in a remote area, and
- 3) have their usual place of residence situated in a remote area.

For general information on RAA refer to the [Social Security Guide](#).

10.6 Bereavement payment

Bereavement payments are made as a temporary continuation of a deceased person's payment.

Where the individual who has died would have reached the cumulative maximum period of FHA, this does not affect the amount of bereavement payment that is payable to their partner or dependent child. If the person receiving the bereavement payment reaches the cumulative maximum period of FHA during the period of time calculated in the bereavement payment, this also does not affect the amount of bereavement payment that is payable to the partner or dependent child.

In the event of the death of a farmer, the partner will continue to qualify for FHA for a period of 14 weeks, consistent with the [Grace period](#) provisions.

For more information, see section 96 of the *Farm Household Support Act 2014*.

For general information on bereavement payments refer to the [Social Security Guide](#).

10.7 Health care card

The main purpose of the health care card (HCC) is to assist benefit recipients with certain health care costs, by allowing access to specific services at a concessional rate.

The HCC is issued automatically to people who receive FHA. The HCC is only valid for the duration of time that a recipient is receiving FHA and is cancelled upon cancellation of an individual's FHA payment. The HCC is also valid whilst an applicant is receiving a nil rate of payment.

For general information on the HCC refer to the [Social Security Guide](#).

11 Employment income nil rate period

Recipients of FHA whose are currently receiving a nil rate of payment because of ordinary income, made up entirely or partly of employment income may qualify for an Employment Income Nil Rate Period. In practice this means that FHA is not cancelled, and their status remains as 'current'. The individual can have income exceeding the applicable limit for 6 consecutive fortnights before their payment is cancelled.

During the period an FHA recipient can:

- be paid certain supplementary benefits, and
- retain their HCC or Pension Concession Card, and
- have their payment automatically resumed if they report a fall in income sufficient for JobSeeker Payment to be payable again.

This policy provides incentives for recipients to take up work, particularly substantial part-time work, or irregular casual work by removing any administrative barriers to having to reapply for payment.

For general information on Employment Income Nil Rate Periods refer to the [Social Security Guide](#).

12 Payment delivery

FHA is paid fortnightly in arrears. The payment is normally paid to recipients' accounts 1 working day after the end of their last entitlement period.

Box 5 Example of payment delivery

If a person is granted FHA on 11 March 2020 their entitlement period ends on 23 March 2020. Providing that nothing prevents payment (such as a change in eligibility, or excess income) the fortnightly amount is released over night on the 23rd into the person's nominated account. Entitlement periods that end on a Friday are usually not available until Monday (depending on the person's financial institution).

For general information on payment delivery refer to the [Social Security Guide](#).

13 Advance payments

Once in any 12-month period, a person may apply for an advance of their FHA, to a limit of between \$250 and \$500. The primary objective of advance payments is to make payments more flexible to the needs of recipients. An advance is not an additional payment. It is a lump sum payment of a projected social security entitlement.

When a recipient qualifies for an advance, it is important that they clearly understand their obligations and the consequences of receiving an advance. In particular, they need to understand that:

- their fortnightly entitlement will be reduced to recover the advance during a repayment period of 13 fortnights, and
- the rate of repayment can't be reduced unless the recipient experiences a special and unusual change in circumstances.

Recipients are given the opportunity to withdraw their application if they are not confident of meeting these obligations.

Recipients also have the option of repaying the outstanding amount sooner. Further details are available from [Services Australia](#).

13.1 Qualification criteria

To qualify for an advance, an applicant must:

- 1) have received a social security entitlement and/or FHA for the 3 months immediately before applying for an advance which may include periods covered by the notional continuous period of receipt rules (e.g., a recipient may have been receiving Youth Allowance for 2 months and JobSeeker Payment for 1 month)
- 2) lodge the application at a Services Australia office or a place or with an individual approved for the purpose by the Secretary
- 3) be in Australia when the application is lodged
- 4) request, and be entitled to, between \$250 and \$500 in advance
- 5) not have received an advance in the last 12 months
- 6) not owe any money to the Commonwealth that is being recovered, or may be recovered, by repayments from their FHA payment
- 7) not be currently repaying a previous advance, (excluding a Family Tax Benefit, PhA or Mobility allowance advance)
- 8) be able to repay the advance without suffering financial hardship.

For general information on advance payments refer to the [Social Security Guide](#).

13.2 Hardship advance payment

A hardship advance payment is an amount of a claimant's first instalment of FHA, or the first instalment immediately following resumption of payment, to assist people in severe financial

hardship. The eligibility for a hardship advance is consistent with mainstream social security payments.

For general information on the hardship advance payment refer to the [Social Security Guide](#).

14 Income test

To determine if FHA is payable an income test is applied. The FHA income test is linked to the income test for benefits and allowances under the SS Act. The income test is first applied to determine qualification and then ongoing to determine payability in an entitlement period. Under the FHS Act there is also a [Farm business losses rule](#) that allows business losses to be offset against income.

From 11 June 2020, if any FHA is payable, the maximum rate will be paid. Prior to 11 June 2020 the rate of FHA payable was determined according to the income test and this could have resulted in a tapered rate of payment.

Income is assessed and those over the threshold will not receive payment (which is the same as all other social security benefits). However, for FHA those under the threshold will automatically receive the maximum rate of payment (rather than a reduced tapered rate previously received).

The social security system does not use a direct deduction income test (sometimes called a 'dollar-for-dollar' test), except for Special Benefit. All other payments, including FHA, have an 'income free area' where income below the limit has no effect on payment. It is akin to the tax-free threshold in the taxation system.

Part of the Australian Government's response to the COVID-19 impact was to raise the income free area for social security allowances from \$104 to \$300 a fortnight (until 31 March 2021). Income over \$300 reduces the rate payable by 60 cents for every dollar. For FHA this is only used to determine payability, the tapered rate of payment does not apply from 11 June 2020.

Box 6 Example of application of the income test

An FHA recipient has a casual job and earns \$850.00 in a fortnight and this is the only income to be considered. The person is over 22 years of age, has a partner and does not pay rent. Their maximum fortnightly rate of payment (as at 1 January 2021) is \$510.80. The payment is calculated as follows:

- $850.00 - 300.00 = 550.00$
- $(550.00 \times 0.6) = \$330.00$ (this is called the affecting income)
- $\$510.80 - 330.00 = \180.80

Once the income test is completed and the FHA recipient has any entitlement the maximum amount (in this case \$510.80) is the amount that will be delivered (excluding any Coronavirus Supplement payable).

The income thresholds change depending on the maximum rate that is payable and if some ancillary allowances are also paid. A supplement such as Rent Assistance is added to the maximum basic rate before the income test is applied and will therefore increase the amount of income a person can earn before losing entitlement.

For general information on income testing refer to the [Social Security Guide](#). For a chart outlining the income test refer to the [Guide to Australian Government Payments](#).

14.1 Ordinary income

To calculate a person's qualification and entitlement their income from all sources is added together. Generally, the most significant source will be ordinary income. This means income that is not maintenance income or an exempt lump sum. The definition of this term is in section 8(1) of the SS Act.

The definition of ordinary income is **NOT** the same as the ATO definition of income for tax purposes. The definition of ordinary income is far wider than the definition of taxable income. This includes (but is not limited to) income from:

- employment
- real estate and businesses including farms
- non-financial investments
- certain remunerative lump sums
- deemed income (interest from investments)
- boarders and lodgers
- superannuation
- Department of Veterans' Affairs payments
- overseas pensions, and
- income streams from purchased products.

Ordinary income is gross income, without any reduction, other than a deduction from business income under SS Act Division 1A of Part 3.10 of Chapter 3. For more information refer to the Social Security Guide sections relating to [ordinary income](#) and [assessing income and assets of various business structures](#).

FHA also distinguishes ordinary income between farm and off-farm income. Special rules apply to the treatment of off-farm income.

14.1.1 Farm income

Farm income is the profit from the farm business. A farm business is the farm enterprise plus any [Directly related business](#) (such as income from agistment or contracting). Farm income is the estimated farm income minus estimated (or actual, if known) production costs.

14.1.2 Off-farm income

Off-farm income is any income not earned from the farm business. For example:

- off-farm employment, rental income, profit from an unrelated business, or dividends from shares and investments
- income that you earn through another business you own, that is not the farm business, is declared as profit – the same as farm income
- income that you earn as an employee is declared as gross income (before tax).

14.1.3 Exempt lump sums

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

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 on the Services Australia [website](#).

Of particular interest in rural areas is [Exempt Lump Sums – Emergency Relief](#).

The value of emergency relief or like assistance is exempt as income. However, depending on how the money is used, it may be counted under the assets test and, if invested, may be deemed to earn income under the income test. Examples are:

- government assistance to victims of bushfires
- drought financial assistance, and
- 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 for social security purposes.

For more information on exempt lump sums see section 8(11) of the *Social Security Act 1991* and the [Social Security Guide](#).

14.2 Deductions from income

Knowing how a person's income is treated once it is declared to Services Australia can help a person manage those declarations.

As explained in [FHA pay rates](#), income from different sources can affect payment over periods that are longer than the fortnight in which they were declared. Table 2 explains how different sources of income are deducted and when this occurs.

Table 2 Sources of income and period of effect

Source of income	Deductions from gross	Timing
Employment	No deductions – declare the gross amount (before tax)	Declare each fortnight (but talk to Services Australia if the hours and pay rate never vary)
Interest and other deemed income	No deductions	Automatically applied by Services Australia
Distribution from a private trust to a beneficiary	Completed by the trustee (controller) before a distribution is made – no further deductions for the beneficiary	Usually annually from the tax returns, but at any other time there is a distribution
Distribution from a private company	Completed by the company director) before a distribution is made – no further deductions for the stakeholder	Usually annually from the tax returns, but at any other time there is a distribution

Farm Household Allowance guidelines

Source of income	Deductions from gross	Timing
Business (sole trader or partnership)	Income from a sole trader or partnership business is the net amount: AFTER allowable expenses for the cost of running the business, AND BEFORE income tax and other personal deductions.	At least annually: If the latest tax return is a reasonable indication of current income; or Using an estimate (likely using a profit and loss statement). In most circumstances, this should be reassessed every 3 months until an income tax return is available which is representative of the person's current financial circumstances.

Box 7 Example of income deductions

Roger has completed a current profit and loss statement for the running of his business. It shows he has current business income of \$13,000. Roger declares the money to Services Australia on 1 September 2020. The \$13,000 is equally spread across each fortnight for the next 12 months – that means \$500 is included as income each fortnight. It is important to note that this income is NOT quarantined to the financial year.

On 22 January 2021 Roger advises Services Australia that his farm has been affected by a natural disaster and his updated profit and loss shows he no longer has \$13,000 income – it is zero. From this date the \$500 fortnightly income will be substituted as zero.

15 Deemed income from financial assets

Social security law uses deeming rules to assess income from financial investments. Deeming assumes that financial investments are earning a certain rate of income regardless of the amount of income they are actually earning in a particular financial institution.

The deeming rates reflect the returns available in the market to recipients for a range of financial investments. By treating all financial investments the same, the deeming rules encourage people to choose investments on their merit rather than on the effect the investment income may have on the person's entitlement.

To calculate the income assessed, deeming rates are applied to the total market value of an income support recipient's financial investments. The actual returns from the income support recipient's investments, whether in the form of capital growth, dividends or interest, are not used for income assessment, even if the investment returns are above the deeming rates.

Generally, a loan from a trust beneficiary to the trustee of that trust, or from a shareholder of a privately controlled company to that company, is treated as a financial asset of the lender and, therefore, subject to deeming.

However, a loan is taken not to be a financial asset of a person if:

- 1) the person makes the loan to the trustee of a trust of which they are a beneficiary or to a company of which they are a shareholder
- 2) the loan relates to a farm asset held by the trustee or the company, and
- 3) the outstanding amount of the principal of the loan exceeds the total value of all financial investments held by the trustee or the company (that is, the financial investments held by the entity are not sufficient to repay the loan).

This exception is only in carefully prescribed circumstances.

This is because these loans often provide the capital injection necessary for a trust or privately controlled company to purchase a farm or farm assets. These assets are generally illiquid in nature and may not generate an actual income that is available to the individual for self-support. The loan amount is still assessed as an asset for the lender, but it counts as a farm asset.

The effect of this is that the loan, to the extent that it meets the criteria, is not subject to deeming. Therefore, it does not impact on the rate of FHA.

For more information, see section 66 of the *Farm Household Support Act 2014* and Chapter 3, Part 3.10, Division 1B of the *Social Security Act 1991*.

For general information on deeming refer to the [Social Security Guide](#).

16 Assessment of business income

Business income is the profit of the business and has these concepts:

- **cash receipts** = the gross income generated by the business
- **allowable deductions** = are subtracted from the cash receipts
- **non-allowable deductions** = are not subtracted from the cash receipts (and if they are mistakenly applied will be added back to the cash receipts)
- **business income** = cash receipts – allowable deductions.

This concept is the same as calculating adjusted taxable income (that is gross income, minus deductions) in the taxation system.

Unlike income from employment, business income can fluctuate from one year to the next. The latest income tax return may not be a good indicator of current income. It can also be difficult to predict due to factors such as commodity prices and seasonal conditions. For example, if the previous financial year was above average the business income would be high but that may not reflect the money available a year later to support the household.

FHA recipients must advise Services Australia within 14 days of income being received or a change in circumstances that impacts the estimated business income to ensure they remain qualified for payment.

16.1 Business income estimates

Individuals claiming FHA are required to provide an estimate of their business income for the current financial year. Business income means ordinary income of the person in the form of profits from a business carried on by the person. The estimate must be considered reasonable by the Secretary. The [Profit and Loss Statement form](#) available from Services Australia provides a useful format for providing this estimate.

Estimated business income is calculated by adding the estimated taxable business income with any re-credited (or non-allowable) business deductions included in the calculation of estimated taxable income.

Re-credited business deductions include:

- carried forward losses
- capital expenditure
- investments in farm management deposits
- superannuation contributions for the sole trader/partner
- obsolescence
- donations to charities.

For more information, see section 67 of the *Farm Household Support Act 2014*, the *Farm Household Support Minister's Rule 2014* and section 1075 of the *Social Security Act 1991*.

16.1.1 Revision of estimates

Generally, if the individual provides a total estimate and the calculations are correct then the estimate of business income would be considered reasonable. However, the individual must agree to make any alteration to the estimate if errors or omissions are identified. The estimate must consider the individual's financial circumstances for the income year-to-date, together with any anticipated variations to their income for the remainder of the financial year.

An individual may provide a revised estimate of their business income at any time during the financial year. The revised estimate must reflect their expected net farm enterprise income for each farm enterprise for the whole of the current financial year.

If an individual wishes to provide an estimate that is lower than their current estimate, they may be required to give a reason for the estimate. Likely reasons for a revised estimate include, but are not limited to:

- disease or pest outbreak
- change in commodity prices
- change in climatic conditions
- a restructure of the business.

If the new estimate is considered reasonable, it is used to determine an individual's qualification for the remainder of the financial year. Where the estimate of business income and other ordinary income exceeds the income test threshold for FHA, the individual's payments will be cancelled.

16.2 Business income allowable and non-allowable deductions

Consistent with social security law, business income deductions will apply to each of an FHA recipient's businesses. Deductions against the cash receipts of the business that are related to the running of:

- the farm – reduces the farm enterprise income
- a [Directly related business](#) (e.g. agistment, agri-tourism) – reduces the income of that business
- an unrelated business (e.g. retail) – reduces the income of that business only.

Box 8 Example of business deductions

The farm enterprise has cash receipts of \$150,000 and deductions of \$139,000. The farm business income is \$11,000. However, Services Australia discover that \$5,000 capital expenditure had been included in the deductions. As this is not an allowable deduction it is added back in. The farm enterprise income is \$16,000.

Unlike social security law a second calculation can be undertaken. Profits and losses between the farm enterprise and a directly related business can be considered together. Using the example, the farm enterprise has an income of \$16,000, however, their directly related agri-tourism business lost \$12,000.

The farm business income is \$4,000, calculated using the farm business losses rule offset provisions in the *Farm Household Support Minister's Rule 2014*.

For general information about [deductions](#) or [business deductions and losses](#) refer to the Social Security Guide.

16.2.1 Directly related businesses

A business is directly related to a farm enterprise if the operation of both businesses relies to a large extent on the use of shared equipment or other shared physical assets to generate income. There must be sufficient association with the farm enterprise and the directly related business.

Box 9 Examples for directly related businesses

Directly related businesses

Example 1: The farm enterprise operates on a property and a spare paddock is leased out to another person/farm enterprise to agist sheep. The agistment business is directly related to the farm enterprise

Example 2: The farm enterprise grows olives on the farm, along with other produce which is sold to the public. The olives harvested are not sold but pressed and made into oil and other products and sold through a separate business. The olive pressing business is directly related to the farm enterprise.

Example 3: The farm enterprise is operated from a property with a building (i.e., the house) on it. A room in the building is used to supply handmade craft using materials sourced from the farm property. The handmade craft business is directly related if the material from the property is produced by the farm enterprise not simply materials that could be found anywhere.

Example 4: The farm enterprise owns a combine harvester that is also used by the farmer to undertake contract work on other properties. The contract harvesting business is directly related.

Example 5: The farm enterprise has a truck that is used in the farm business. This truck is also used in supplying fresh eggs produced on the farm to purchasers in town. The egg business is a directly related business.

Unrelated business (not directly related)

Example 6: The farm enterprise is operated from a property with a building (i.e., the house) on it. A room in the building is used to create and distribute handmade craft using materials that were not produced by the farm enterprise. The handmade craft business is not directly related as there is insufficient association between the businesses.

Example 7: The farm enterprise has a truck that is used in the farm business. This truck is also used to transport goods purchased from suppliers to a restaurant owned by the partner of the farmer. The use of the truck in the restaurant business is insufficient association and the restaurant is not a directly related business.

For more information, see section 7B of the *Farm Household Support Minister's Rule 2014*.

16.2.2 Income and asset assessment and the forced disposal of livestock

Income generated from the forced disposal of livestock is exempt for the purposes of assessing eligibility for FHA, provided FHA recipients invest by depositing, or intend to deposit within 42 days of receipt, the income in a farm management deposit account owned by the person.

If the person does not make the deposit within 42 days of the income being received, the exemption no longer applies.

There is no special treatment of assets generated from the forced disposal of livestock for the purposes of assessing assets for FHA or other social security payments. However, preferential tax treatments are available.

For more information on tax rules relevant to primary producers refer to the [ATO's website](#).

16.3 Reconciliation of business income

For FHA payments received between 1 July 2014 and 30 June 2020 income from business income estimates are reconciled against the actual business income received. Legislation came into effect on 1 July 2020 that removes the requirement to undertake annual business income reconciliation. Recipients must now provide an [estimate of income](#) and notify Services Australia within 14 days of a change in circumstances that impacts their estimate.

The business income reconciliation process applied to every recipient who had received any payment (no matter how small) in a financial year. Under the new approach, from 1 July 2020 FHA recipients will be subject to audit compliance processes in line with other social security allowances. This may include random sampling or targeted audits based on risk factors of overpayment.

Individuals who were paid FHA at any time between 1 July 2014 and 30 June 2020 are required to supply their tax returns and financial statements to Services Australia to reconcile actual business income against their estimate to accurately assess their entitlement for that year.

Table 3 shows the effect on the FHA entitlement once income has been reconciled.

Table 3 Effect on FHA entitlement following reconciliation

If the estimated business income was...	Then the effect on entitlement is a...
more than the actual assessable business income	Top-up for the difference between the payment received and the entitlement amount, where applicable.
less than the actual assessable business income	a debt for the difference between the entitlement amount and the payment received, where applicable.
equal to the assessable income	nil adjustment

Where an FHA recipient fails to comply with a notice from Services Australia to provide details of their actual business income for a financial year and the Secretary is satisfied that compliance with the notice would allow the recipient's actual business income to be ascertained, a debt equal to the amount of FHA paid in that financial year will be due to the Commonwealth, until such time as the detail is provided and the reconciliation process takes place. This is because, in the absence of the actual business income, it is not possible to determine if the person was entitled to receive FHA.

17 Farm business losses rule offset

FHA allows for deductions of off-farm income to be made from a person's ordinary income for the purposes of the income test where the farm business is making a loss (up to \$100,000 per couple per financial year).

The farm business comprises the farm enterprise and includes any [Directly related business](#).

This setting recognises that farmers experiencing financial hardship often rely on off-farm income to support the farm enterprise rather than using that income for self-support.

17.1 Off-farm income

Off-farm income is any amount earned, derived or received that was not produced by an activity of the farm enterprise. Examples of off-farm income could include (but are not limited to):

- off-farm employment
- interest payments
- rental income (including leasing land for agricultural purposes)
- income from a business that is not directly related.

One exception is income from compensation payments, which cannot be included in the offset because it is not considered income for the purpose of social security law.

17.2 Using the offset

The offset will be calculated by Services Australia. FHA applicants and recipients are required to ensure they provide accurate information to Services Australia on their losses.

The offset cannot be used to carry forward losses and no one can offset more than their loss in a particular year.

Box 10 Example of income offset

Mark and his partner earn \$95,000 in off-farm income for a financial year. The farm is forecasting a \$150,000 loss. In total Mark and his partner have made a \$55,000 loss.

Mark and his partner can apply the entire \$95,000 of their off-farm income against their farm business loss. Mark and his partner will each receive the maximum rate of payment.

For more information, see section 67 of the *Farm Household Support Act 2014* and section 7 of the *Farm Household Support Minister's Rule 2014*.

18 Assets test

From 11 June 2020 a single threshold asset test limit of \$5.5 million per household for the total value of both [Farm](#) and [Non-farm](#) assets now apply to all new FHA applicants.

Consistent with other social security payments, the value of the principal home is excluded from the assets test. Also consistent with social security payments assets are valued as net of any encumbrances (loans). When declaring the asset value, a person should not use the insurance value, replacement with new value, or preferred sale price – they should use the likely price that would be received if the asset were sold as is, in the current market conditions (that is, not what you would like to receive for it, but what you believe you would actually receive for it).

Applicants whose total assets exceed the \$5.5 million value limit are not eligible for FHA unless they qualify under [Asset hardship rules](#) provisions.

Prior to 11 June 2020 assets were differentiated between ‘farm’ and ‘non-farm’ assets and there was a separate threshold for each class of asset. A person or couple could have up to \$5 million in farm assets, and up to the relevant social security threshold (for their partner and homeowner status) in non-farm assets. An applicant had to meet both thresholds to be eligible.

For more information, see section 33 of the *Farm Household Support Act 2014*.

For general information on assets and how they may affect an individual’s payment, refer to the [Social Security Guide](#).

18.1 Non-farm assets

Non-farm assets include liquid assets such as an individual’s cash, shares in public companies, money owing or any other realisable assets which are not farm assets. Farm Management Deposits, and cash held to purchase farm assets such as property are non-farm assets.

Even though there is a single asset threshold it is important to identify the type of asset as this will have significance when determining the origin of income. For example, an investment property that has rental income - this income is treated as off-farm income.

18.1.1 Exempt non-farm assets

The value of certain non-farm assets held for the purpose of carrying out a farm enterprise (including shares in the Murray Goulburn Co-operative Co Ltd) can be excluded from the FHA asset test. Specifically, assets which are: not a farm asset as defined in the FHS Act; held for the purpose of carrying out a farm enterprise; not held or capable of being held for a purpose other than the carrying out of a farm enterprise; and not cash or an amount deposited with or lent to a financial institution.

For the avoidance of doubt, this does not provide precedent to disregard assets required for the operation of a farm enterprise or farm assets as defined in the FHS Act.

18.2 Farm assets

Farm assets are assets used wholly or mainly for the purposes of the farm enterprise. Specifically excluded from this definition are the liquid assets. The value of farm assets is

calculated by deducting any debt secured against an asset from the current market value of that asset.

For more information, see section 33 of the *Farm Household Support Act 2014*.

18.3 Asset disposal (gifting)

For the purposes of FHA, the treatment of the disposal of assets is consistent with mainstream social security benefits.

Once an individual has disposed of a farm asset, it is treated as a non-farm asset.

For more information, see section 36(4) of the *Farm Household Support Act 2014* or the [Social Security Guide](#).

18.4 Loans as assets

Consistent with social security law, loans from a trust beneficiary to the trustee of that trust, or from a shareholder of a privately controlled company to that company, are treated as financial assets of the lender. These rules ensure that individuals do not structure their finances to increase their entitlement to social security benefits.

The unpaid amount of a loan from a trust beneficiary to the trustee of the trust, or shareholder of a privately controlled company to that company (or a portion of a loan), are treated as farm assets in carefully prescribed circumstances, where:

- 1) the loan was used for the purchase of a right or interest in:
 - a) land used wholly or mainly for the purposes of a farm enterprise or
 - b) livestock, crop, plant or equipment that is produce of a farm enterprise or is used wholly or mainly for the purposes of a farm enterprise, unless it is leased out and
- 2) the outstanding amount of the principal of the loan exceeds the value of the entity's financial investments.

For more information, see section 35 and 66 of the *Farm Household Support Act 2014*.

18.5 Asset hardship rules

The assets test for any social security payment presumes people with substantial assets, apart from their principal home, use those assets to produce income for their own support. If substantial assets are held, but they produce little or no income, a person is expected to rearrange their financial affairs before calling on income support through the social security system.

However, sometimes a person's circumstances would mean it is unreasonable to expect them to self-support. The asset hardship rules allow for those recipients to have certain assets disregarded when calculating their payment rate. These assets are called 'unrealisable assets' in the SS Act.

The asset hardship rules for FHA are consistent with the rules for mainstream social security allowances. Two key requirements that must be met are that the applicant is in [severe financial](#)

[hardship](#), and is unable to sell the asset. It is important to look at the full guidance in the [Social Security Guide](#).

The hardship provisions apply in relation to the assets test for FHA.

For information on the asset hardship rules, refer to the [Social Security Guide](#).

19 Overseas portability

The overseas portability provisions allow an individual to continue receiving FHA while overseas for a limited time under specific circumstances.

FHA recipients do not automatically qualify for FHA to be payable when they travel overseas. An allowable absence can be granted:

- to seek eligible medical treatment
- to attend to an acute family crisis
- for a humanitarian purpose.

An allowable absence has the effect of allowing an FHA recipient to continue being paid for up to 6 weeks if they travel overseas for any of the approved purposes. The portability period should only apply up to the period which is reasonable to meet their needs.

The portability period can be extended for:

- a serious accident or illness of the person or family member
- hospitalisation of the person or family member
- a death of a family member
- involvement in custody proceedings in the country where the person is located
- a legal requirement to remain outside of Australia in connection with criminal proceedings, except where the crime is alleged to have been committed by the person
- a robbery or serious crime committed against the person or family member
- a natural disaster in the country in which the person is located
- industrial action in the country in which the person is located
- war in the country in which the person is located
- under the Medical Treatment Overseas Program administered by the Minister who administers the *National Health Act 1953*, where financial assistance is payable in respect of the person's absence from Australia.

The portability period cannot be extended unless the event occurred or began during the period of absence from Australia and if the person is not willingly involved or participating in an event of political or social unrest, industrial action, or war.

If a farmer has been granted an allowable absence, a qualified partner of the farmer will continue to receive FHA until such a time that it is determined that the farmer no longer meets the qualification criteria.

For more information, see Part 2, Division 7 of the *Farm Household Support Act 2014*.

20 Reciprocal obligation requirements

As part of accessing the FHA, recipients are required to agree to and engage in a range of activities aimed at improving their circumstances. As FHA is time limited to 4 years in every 10-year period, payment may finish before the reasons for the hardship changes. This means that activity requirements play a crucial role in establishing a pathway towards FHA recipients recovering from their current financial hardship and establishing a pathway for longer term financial stability in the aim of being better prepared for future financial shocks.

These requirements are called ‘reciprocal obligations’ or ‘mutual obligations’ because recipients undertake them in return for receiving payment.

Throughout the process, FHA recipients will be supported by a dedicated FHCO. The FHCO will work with the FHA recipient to plan for and implement change to achieve the outcome of long-term financial stability.

20.1 Capability assessments

Prior to discussions of options to achieve a pathway to recovery, FHA recipients will undertake a range of assessments to allow for a diagnosis and possible prognosis of the farm enterprise. The assessments undertaken to facilitate this process are:

- 1) [Farm financial assessment](#) (FFA)
- 2) [Personal barriers assessment](#)
- 3) [Self-efficacy survey](#)

These assessments aim to facilitate an informed discussion between the FHCO and the FHA recipient about the farmer’s future, to inform the development of the FIA and long-term case management.

20.2 Financial improvement agreement

Following these initial capability assessments, FHA recipients will be required to enter into and deliver the objectives and related activities of their [FIA](#) in the ultimate aim of meeting their long-term goal for financial self-reliance.

Recipients also have access to an [activity supplement](#) to assist with the costs of eligible training (including reasonable travel and accommodation costs) and obtaining advice to achieve FIA goals.

21 Farm financial assessment

The FFA is a comprehensive assessment of the financial position of a farm enterprise (and the person for whom the assessment is conducted) by an independent [financial assessor](#). A broad range of people can qualify as financial assessors including accountants, financial planners, farm consultants and rural financial counsellors.

The purpose of the assessment is to develop and evaluate options to improve the person's financial position through an analysis of their resources, liabilities, barriers and goals.

21.1 Requirement for a farm financial assessment

Services Australia will issue a notice requiring a person to undertake an FFA when they determine it is appropriate to do so. This may be quite soon after payment is granted, or may not be required for some time (e.g., if the recipient is unwell and has a medical exemption from undertaking their reciprocal obligations, or if there is an issue that must be addressed before the finances are taken into consideration).

The person's financial assessor must submit a completed FFA to Services Australia within the advised timeframe from the date of notification in writing by the Secretary. A [companion guide](#) is available to assist financial assessors in working with applicant farmers to complete the FFA.

21.1.1 Use of previous farm financial assessments

If an applicant has stopped receiving payment and subsequently re-claims, a new FFA may not be required if their circumstances have not changed substantially since the previous assessment. Whether a new FFA is required will be discussed with the applicant by their FHCO.

For more information on the FFA, see sections 85 and 86 of the *Farm Household Support Act 2014*.

21.2 Consequences of failure to obtain farm financial assessment

If a person is required to complete an FFA, they must do so within the timeframe on the notice.

If the FFA is not completed within the advised timeframe, a claim that has not been granted will be rejected and a claim that has been granted will have the payment suspended.

A recipient can request an extension of the timeframe to return the FFA. The period of the extension should not exceed the time that would be reasonably practicable to return the FFA.

If the FFA is not returned within the extended due date, a granted claim will be cancelled.

For more information, see sections 63(2), 64 and 80 of the *Social Security (Administration) Act 1999*.

21.3 Qualification for farm financial assessment supplement

FHA applicants who have been notified by the Secretary that they are required to have a FFA conducted are eligible for the FFA supplement to assist in covering the cost of the FFA. Generally, only one supplement is payable, however, the case manager may authorise the payment of a second supplement if an additional FFA was required.

The FFA must be conducted by an independent financial assessor and submitted in the approved form. To qualify for the supplement, a completed assessment must be provided to Services Australia. Evidence is also required that the assessment was conducted by a financial assessor (the evidence may be supplied by the financial assessor directly to Services Australia as part of completing the FFA.)

The person must not have previously received an FFA supplement for the FFA.

There are no restrictions on the amount of the FFA supplement that can be used on any single FFA, up to the maximum limit. However, the supplement will not be payable if the cost of the financial assessment to the applicant is nil (for instance if undertaken by a rural financial counsellor).

The maximum amount payable for the FFA supplement is \$1,500.

For more information, see sections 87 and 89 of the *Farm Household Support Act 2014* and section 9 of the *Farm Household Support Minister's Rule 2014*.

21.4 Method of payment of farm financial assessment supplement

The person must make a claim for the FFA supplement within 2 months of the date the invoice for the assessment is provided (the date of the invoice), and must provide evidence that the assessment was conducted in accordance with the FHS Act.

The FFA supplement can be paid to either the person making the claim for the supplement or to the financial assessor. The claimant must elect who is to be paid, in a manner approved by the Secretary. If the claimant elects to be paid directly, then that person must have already paid the financial assessor who conducted the assessment.

For more information, see sections 88 and 89 of the *Farm Household Support Act 2014*.

21.5 Qualification of financial assessor

A person can be a financial assessor if they:

- 1) have appropriate qualifications or expertise to conduct the assessment, and
- 2) are independent from the FFA recipient.

There are no set qualifications to be a financial assessor, however an example of an appropriate qualification would be a qualification from a tertiary institution in a field that is relevant to giving financial advice. Further weight is given to the qualification if it is then recognised by a

professional body whose members normally give financial advice (such as an accountant who is a Certified Practising Accountant).

Instead of formal qualifications the financial assessor may rely on their extensive experience in their chosen field relevant to providing an FFA, such as accounting, business, financial planning or agronomy. An example of appropriate expertise would include the financial assessor being employed as a farm consultant or as a rural financial counsellor.

The financial assessor must also be independent from the recipient and cannot have a right or interest in:

- 1) the farm
- 2) the farm enterprise, or
- 3) any asset that is owned by the recipient, or the partner of the recipient.

The requirement for independence minimises the risk of bias or misleading FFAs that do not support effective decision making and planning by the person receiving payment.

If unsure if the proposed financial assessor is appropriate, an applicant should discuss this further with their FHCO when they are advised of the need to complete the FFA.

For more information, see sections 86 of the *Farm Household Support Act 2014*.

22 Personal barriers assessment

The personal barriers assessment aims to aid FHA recipients to identify personal circumstances and issues, which need to be addressed as a first order priority through their FIA or may limit their ability to achieve a financial self-reliance goal. These barriers may be physical, social or emotional. Identifying any barriers and their impact will reduce the likelihood of unrealistic activities or timeframes being included in the FIA.

Case managers will use their knowledge of mainstream payments and services, and linkages with other government and non-government service providers in regional and rural Australia. These linkages will provide recipients with access to personal, professional and social support services. They will also help address barriers to self-sufficiency and maintain wellbeing during times of hardship. Importantly, FHCs will not provide personal or professional counselling or other support services typically provided by experts or professionals in these fields.

23 Self-efficacy survey

For many FHA recipients, a key objective of their time on FHA will be to try and increase their financial literacy and to better understand the underlying financial health of their business. The self-efficacy survey establishes a baseline for understanding the FHA recipients' confidence in considering and evaluating their finances. The questions cover a mixture of attitudes and knowledge as well as capturing behaviour relating to topics such as money management, planning for short and longer-term financial goals and awareness, and choice of financial products.

Later during or towards the end of their time on FHA, recipients will be asked to retake this survey to evaluate whether there have been changes in their financial confidence and whether they have managed to improve their financial literacy during their time on FHA.

24 Financial improvement agreements

Applicants for FHA must indicate in writing that they are willing to enter into an FIA and carry out the terms of the agreement. This is a qualification requirement (see [Entering into a financial improvement agreement](#) for more information).

The Secretary has the power to require a person to enter into an FIA.

An FIA is a measurable, incremental planning tool for farmers and their partners to work towards improving their capacity for self-reliance. The FIA is negotiated between the person claiming or receiving FHA and the Secretary (in practice, this is delegated to a Services Australia FHCO) considering the person's needs, goals and resources, along with any barriers to them taking action to improve their circumstances.

The FIA is structured in 2 parts:

- 1) A high-level goal. This assists the person on their pathway to long-term financial security.
- 2) The objectives and related activities that the person will undertake to achieve their goal.

The 4 FIA goals are achieving financial self-reliance via:

- 1) on-farm activities only
- 2) off-farm activities only
- 3) a combination of on and off-farm activities
- 4) exiting farming.

The aim is to capture in a simple, single document the pathway to financial self-reliance.

24.1 Terms of a financial improvement agreement

An FIA must contain at least one compulsory activity. Suitable activities may include:

- undertaking training
- obtaining professional advice
- undertaking study
- actively seeking, or being willing to undertake, paid work in Australia (other than paid work that is unsuitable for the person)
- any other activity that the Secretary regards as suitable for the person.

Undertaking these activities, as set out in the FIA, will mean that the recipient has satisfied the activity test for the relevant period. Failure to satisfy the activity test may result in a [Qualification failure](#).

In approving an FIA, consideration is given to the person's capacity to comply with the requirements, the person's needs, and the financial assessor's recommendations contained in the FFA, if applicable.

Unlike JobSeeker Payment, there is no requirement for a person who has claimed or is receiving FHA to undertake a minimum number of hours of activities to satisfy the activity test. This recognises the substantial workload of running a farm, which varies over time for the same farm and between different types of farms (for example, the very different demands and operations of broadacre versus dairy farms). As a result, when determining whether to approve activities in a farmer's or their partner's FIA, it is appropriate to consider limiting factors.

Careful information-gathering may be required to establish the contribution of the partner to the farm enterprise. When a partner of a farmer has little or no involvement in the farming operation, the objective/s and activities in the FIA should reflect the circumstances and/or aspirations of the partner. For example, where a partner works off-farm and wishes to gain new skills for that employment, activities that support this outcome are appropriate.

For more information, see Part 2, Division 3 of the *Farm Household Support Act 2014*.

24.2 Variation, cancellation and review

An FIA can be varied by negotiation, reviewed from time to time and/or cancelled. FHCOs must undertake a review of the FIA in consultation with the recipient at least once every 12 weeks. Reviews can also occur when a FHCO considers it appropriate. When varying an FIA, the FHCO must consider the appropriateness of continuing to use the information in an existing FFA. Where the circumstances of the farm enterprise have undergone a change that significantly affects the operation of the farm enterprise, the FHCO may authorise a new FFA to be completed. Payment of a second [FFA supplement](#) may be authorised if an additional FFA is required.

The passage of time may not be sufficient grounds to require a new FFA. The person may have experienced a significant break in their payments (for example, often when the farming enterprise was profitable in a good season), but the business has been unable to sustain the recovery. Where the underlying drivers remain the same and the financial assessor's assessment still applies, the person and their FHCO may agree that a new FFA is not required.

25 Activity supplement

To support FHA recipients to undertake activities specified in their FIA, an activity supplement is available (up to \$10,000 over the person's lifetime). An individual can receive an activity supplement for each qualifying activity that they undertake (up to the cumulative maximum amount) and elect to either receive the activity supplement directly or have it paid to a service provider for the activity.

The supplement can also be used for reasonable travel and accommodation expenses to undertake a training activity. A decision on reasonableness will be at the discretion of the Secretary in each instance. However, as general guidance these would usually not be considered reasonable travel and accommodation expenses:

- interstate travel and accommodation where the FHA recipient has reasonable access to the same or a similar course in their own state
- business class airfares or high-cost economy airfares (e.g. last seat available or fully flexible on a high demand service)
- the cost of any airfares for training at a location in reasonable driving distance
- accommodation at a 5-star hotel, and/or
- accommodation for a course running less than half a day.

25.1 Qualification for activity supplement

A person may qualify for the activity supplement for activities already undertaken and activities they intend to undertake in accordance with their FIA. This ensures that the activity supplement is used to assist the person to take steps towards improving their capacity for financial self-reliance while fulfilling their requirements for FHA.

The purpose of an activity supplement is to help the individual achieve financial self-reliance and not to provide financial assistance for the farm enterprise.

To qualify for activity supplement, an activity must:

- be undertaken for the purposes of the activity test
- be specified in a FIA in force in relation to the person and be undertaken in accordance with the FIA, and
- fall within the classes of eligible activities prescribed in section 8 of the *Farm Household Support Secretary's Rule 2014*, or otherwise be approved in writing by the Secretary.

Activities considered a part of normal farm operations or expenses incurred implementing any advice or training will not be eligible. For example, the activity supplement could be used to fund (all or part of) the fees for eligible training courses, receiving advice or participating in training to assist a transition to an alternative career, development or advice relating to succession planning. However, the activity supplement could not be used for purchase of equipment to implement practices learned in farm enterprise training or recommended by an agricultural adviser.

Where a person undertakes training or receives professional advice, they must provide evidence or a declaration that the advice or training was provided by an appropriately qualified person.

A person is required to make a claim for the supplement within 2 months of the date the invoice for the activity is provided by the service provider (the date of the invoice). If the person elects to be paid the supplement directly, they must also provide evidence or a declaration (in an approved form) that they paid the service provider for the activity. A person cannot qualify for the supplement if they have already used the maximum amount of activity supplement.

Where an activity costs more than the whole of the activity supplement (or the remaining balance) the person may choose to fund the unfunded portion from their own means.

Exhausting the activity supplement does not release the FHA recipient from their obligation to undertake activities under the FIA. Future activities must be self-funded if the activity supplement has been exhausted.

For more information, see Part 3 of the *Farm Household Support Act 2014*, section 8 *Farm Household Support Minister's Rule 2014*, and section 8 of the *Farm Household Support Secretary's Rule 2014*.

26 Exemptions from activity test

There is a range of circumstances where an exemption may be given from the FHA activity test. These provisions recognise circumstances impacting on the person and their family and include:

- 1) [Temporary incapacity](#)
- 2) [Pregnancy](#)
- 3) [Defence Force Reserve service](#)
- 4) [Special circumstances](#) beyond the person's control
- 5) where complying with the activity test would prevent the person from undertaking [Essential farm activities](#)
- 6) [Domestic violence](#)
- 7) responsibilities of parents and foster carers for [Caring for a child with a disability](#)
- 8) [Requirement to satisfy activity test unreasonable](#).

For more information, see Part 2, Division 5 of the *Farm Household Support Act 2014*.

26.1 Temporary incapacity

A person may be granted a temporary incapacity exemption from the activity test if they are temporarily incapacitated and unable to undertake activities for the purposes of the activity test for 8 hours or more per week due to a medical condition arising from sickness or an accident. The Secretary must form the opinion that there are no activities of a kind that the person could be reasonably expected to undertake for the purposes of the activity test for more than 8 hours per week and be satisfied that the incapacity has not been brought about with a view to obtaining an exemption. The person must provide a certificate from a medical practitioner stating their diagnosis, prognosis, period of incapacity, and that they are unable to undertake any activities for the purposes of the activity test for more than 8 hours a week.

26.1.1 Duration of exemption

If the Secretary is satisfied that the incapacity will continue after the end of the original exemption, then it may be appropriate to grant extensions to the exemption period from participation requirements. If the person:

- substantiates the incapacity with either the original medical certificate if still valid or an additional medical certificate the period of extension is either that stated on the medical certificate up to a maximum of 13 weeks, whichever is the lesser.
- is able to provide other written evidence (other than a medical certificate) and the Secretary considers it unreasonable to expect the person to obtain a certificate, then the exemption may be extended by no more than 4 weeks.

Seriously ill

Where a person who is seriously ill and undergoing treatment has been given an initial exemption of 13 weeks, it may be appropriate to grant an extension (not exceeding 13 weeks) without requiring the person to provide an additional medical certificate. The Secretary may

continue to grant extensions without additional medical certificates until the person's exemption period reaches the period stated on their medical certificate or until a maximum of 52 weeks from the date that the first exemption was granted, whichever is the lesser.

The Secretary may only grant subsequent exemptions without requiring the person to provide an additional medical certificate if they continue to meet all criteria for a temporary incapacity exemption and:

- they have one of the medical conditions listed
- they are undergoing and/or recovering from intensive medical treatment (such as chemotherapy, radiotherapy) or undertaking rehabilitation for the serious illness
- there is little prospect of significant improvement in the person's medical condition over the period stated on the medical certificate, and
- requiring the person to obtain an additional valid medical certificate at the end of each exemption period would place unreasonable physical and/or mental burden and/or stress on the person.

A person may be considered seriously ill if they have one or more of these medical conditions:

- cancer/leukaemia
- severe stroke
- acquired brain injuries
- serious burns
- serious physical injuries requiring long recovery periods
- severe mental health conditions or drug and/or alcohol addictions for which the person is receiving treatment in an institutional setting.

After a maximum 52 weeks of extensions, a medical reassessment may be required which should indicate whether the condition is permanent, or still temporary.

If the circumstances on which the initial period of exemption were based remain in effect and the person provides an additional valid medical certificate, the Secretary may grant a subsequent exemption from activity test requirements for the period on the medical certificate, or 13 weeks, whichever is the lesser.

If the person's additional medical certificate extends beyond 13 weeks and the person remains seriously ill and is still recovering and/or undergoing treatment, the Secretary may grant an additional period of exemption without requiring a further medical certificate.

The total of the exemption periods granted based on this additional medical certificate must not exceed 26 weeks. After the additional 26-week period, all subsequent applications for temporary incapacity exemptions of up to 13 weeks must be supported by an additional valid medical certificate.

26.2 Pregnancy

Pregnant women are exempt from the activity test from 6 weeks before the date they are expected to give birth until the birth of the child, and for 6 weeks following the birth of the child. These exemptions apply even if the baby is stillborn or placed for adoption.

If at any other time during pregnancy a woman is unable to meet her activity test requirements because of pregnancy-related medical problems, she should apply for an incapacity exemption.

26.3 Defence Force Reserve service

An individual is exempt from the activity test during any period they are attending a training camp as a member of the Defence Force Reserves.

26.4 Special circumstances

Where circumstances arise that impede, rather than prevent, an individual from meeting their activity test requirements, consideration will be given first to adjusting or reducing these requirements in preference to exempting the individual from the activity test completely.

However, there will sometimes be special circumstances beyond an FHA recipient's control, where it would be unreasonable to expect them to satisfy the activity test for a specific period of time. A special circumstances exemption may be granted if the Secretary is satisfied that such circumstances exist.

Categories of special circumstances exemptions that may arise are:

- major personal disruption to the recipient's home
- major personal crisis (including homelessness)
- affected by declared natural disaster e.g., bushfire, flooding or cyclone
- temporary caring responsibilities
- dad and partner leave
- undertaking jury duty
- being a newly protected witness
- being a newly arrived refugee
- volunteering during a state or national emergency
- undertaking Indigenous cultural business.

A special circumstances exemption can only be granted for up to 13 weeks and cannot be extended.

For general information on special circumstances refer to the [Social Security Guide](#).

26.5 Essential farm activities

A farmer may be temporarily exempt from the activity test if the Secretary is satisfied that requiring them to satisfy the activity test would prevent them from undertaking activities essential to the operation of the farm. This ensures that the person is not prevented from

running their farm enterprise during times of intensive workload, but that they are still required to satisfy the activity test for the majority of their time on payment. The period of exemption must not exceed 6 weeks and cannot be extended.

Exemptions for essential farm activities cannot be granted where the farmer has already received an exemption for essential farm activities twice in the previous 12 months, regardless of the length of the exemptions.

Some common examples of essential farm activities include:

- sowing and harvest for grain growers
- pruning and harvest on horticultural properties
- lambing, calving and hand rearing or feeding of agricultural livestock.

26.6 Domestic violence

An exemption from the activity test can be granted for an individual who the Secretary is satisfied has experienced domestic violence or other special family circumstances and is the principal carer of at least one child.

In circumstances where an individual is granted an exemption due to domestic violence, the period of exemption is 16 weeks. In circumstances where an individual is granted an exemption due to other special family circumstances, the period of exemption may be determined based on what is considered appropriate for each individual but cannot exceed 16 weeks.

In both cases, additional exemptions of up to 16 weeks at a time can be granted.

26.7 Caring for a child with a disability

Individuals can be granted an exemption from the activity test where they are the principal carer of a dependent child and the child has a disability, illness, mental health condition or physical condition, and their care needs are such that the Secretary is satisfied the person should not be required to satisfy the activity test for a period.

The period of exemption is determined based on what is considered appropriate in the individual's circumstances. The initial exemption cannot exceed 12 months. At the end of the exemption period, additional exemptions can be granted, each of which cannot exceed 12 months.

26.8 Requirement to satisfy activity test unreasonable

An individual may be granted an activity test exemption if, having regard to all the relevant factors, it would be unreasonable to expect the person to satisfy the activity test for that period. Relevant factors include:

- the location of offices of Services Australia relative to the individual's farm location
- difficulties with transport and communication
- the educational, cultural or religious background of the person.

27 Notification of circumstances preventing or affecting compliance

An individual is required to notify Services Australia of any circumstances preventing or affecting their capacity to comply with the requirements in their FIA within 14 days of the circumstances occurring.

An individual may not be required to notify Services Australia within this period if the Secretary or a delegate determines that the person could not have reasonably been expected to give the notification under the circumstances.

An individual who does not notify Services Australia of their inability to comply with their FIA within 14 days of the relevant circumstance occurring may be subject to a determination that they have committed a qualification failure. This means that FHA will not be payable until the determination is revoked, and the person will cease to qualify for FHA if they do not rectify the failure within 13 weeks of the determination.

For more information, see sections 18 and 71 of the *Farm Household Support Act 2014*.

28 Qualification failures

Where a person does not comply with the terms of their FIA, they may be subject to a determination that they have committed a qualification failure.

A qualification failure occurs when a person, through their actions (or inactions), fails to:

- comply with a notice requiring them to enter into a FIA by the specified date
- satisfy the activity test by undertaking the specified activities in the FIA (where the person is not exempt from the activity test)
- notify of circumstances preventing or affecting their capacity to comply with a FIA within 14 days of the circumstances occurring.

A recipient who is determined to have committed a qualification failure will not be eligible to be paid FHA until the determination is revoked. Where this occurs within 13 weeks, payment is automatically restored (but not back paid).

Where more than 13 weeks has passed since the determination and the failure has not been rectified, the person ceases to qualify for FHA.

The Secretary must not make a determination that a person has committed a qualification failure if the person satisfies the Secretary that they have a reasonable excuse.

For more information, see sections 71 and 72 of the *Farm Household Support Act 2014*.

29 Conduct failures

The Secretary may determine that a recipient has committed a conduct failure if the person:

- engages in misconduct while undertaking an activity agreed in their FIA
- refuses or fails to accept an offer of suitable employment in accordance with their FIA
- is unemployed as a result (whether direct or indirect) of an act of the person, and it was reasonably foreseeable that acting in that manner could result in the person becoming unemployed.

A conduct failure determination does not result in the recipient becoming ineligible for the payment but will result in an 8-week period where FHA is not payable. This determination may be revoked earlier if it would cause the person to be in severe financial hardship.

For more information, see sections 73 and 74 of the *Farm Household Support Act 2014*.

30 Reasonable excuses

When deciding whether a person has committed a conduct or qualification failure, the Secretary must consider whether:

- 1) the person had a reasonable excuse for the failure, and has notified the appropriate person or body specified in the FIA before the start of the activity, or
- 2) the Secretary is satisfied that it would have been unreasonable to expect the person to give the notification.

When considering if a person had a reasonable excuse for the failure, the Secretary must consider whether the person at the time of the failure:

- was required to undertake farm work that was unforeseen and critical and not the kind of farm work the person would normally undertake at that time
- was required to take on unforeseen family or caring responsibilities
- did not have access to safe, secure and adequate housing
- was using emergency accommodation or a refuge
- had literacy and language skills that affected the conduct of the person resulting in the failure
- had a disability, illness, mental health condition or physical condition
- experienced a drug or alcohol dependency
- was subjected to violence
- was adversely affected by the death of an immediate family member or close relative
- had been imprisoned for more than 14 days and was released not more than 28 days before the time of the failure.

If a person satisfies the Secretary that they had a reasonable excuse for the failure after they have made a determination, the determination is taken never to have been made.

For more information, see section 76 of the *Farm Household Support Act 2014* and section 7 of the *Farm Household Support Secretary's Rule 2014*.

31 Taxation

The FHA income support payment, activity supplement and FFA supplement are taxable payments.

Some expenses incurred in obtaining the activity supplement and FFA supplement may be tax deductible. For further information, please contact the ATO Business enquiries line on 13 28 66.

32 Social security law

The FHS Act notionally modifies how the SS Act and the SS(Admin)Act operate so that those Acts can apply in relation to payments made under the FHS Act.

The FHA, activity supplement and the FFA supplement are generally treated as if they were social security payments. As a result, the general rules in the SS Act and SS(Admin)Act, relating to how to make claims, how payments are made and review of decisions, apply in relation to payments under the FHS Act.

For more information, see Part 5 of the *Farm Household Support Act 2014*.

33 Review and appeals

The rules dealing with review of decisions relating to payments are found in the SS Act and the SS(Admin)Act.

The social security review and appeals system consists of internal and external review mechanisms. An individual affected by a decision made under the social security law may apply for a review of the decision.

An internal review of a decision is conducted by a review officer who had no involvement in making the original decision. The levels of review and appeal, in increasing order, are:

- internal review conducted by a review officer
- an external appeal to the
 - Administrative Appeals Tribunal (First review and Second review)
 - Federal Court
 - High Court.

For more information, see Part 4 of the *Social Security (Administration) Act 1999*.

For further information on review and appeals refer to the [Social Security Guide](#).

Glossary

Term	Definition
ATO	Australian Taxation Office
AWOTE	average weekly ordinary time earnings
FFA	farm financial assessment
FHA	farm household allowance
FHCO	farm household case officer
FHS Act	<i>Farm Household Support Act 2014</i>
FIA	financial improvement agreement
HCC	health care card
IMP	income maintenance period
LAWP	liquid asset waiting period
NARWP	newly arrived resident's waiting period
OWP	ordinary waiting period
PhA	pharmaceutical allowance
RA	rent assistance
RAA	remote area allowance
SS Act	<i>Social Security Act 1991</i>
SS(Admin)Act	<i>Social Security (Administration) Act 1999</i>
SWPP	seasonal worker preclusion period
TAL	telephone allowance
