

## **EXPLANATORY STATEMENT**

Issued by Authority of the Deputy Prime Minister and Minister for Agriculture and Water Resources

*Farm Household Support Act 2014*

*Farm Household Support Minister's Amendment Rule 2015*

### **Legislative authority**

The *Farm Household Support Act 2014* (the Act) provides the mechanism to implement the Farm Household Allowance (FHA), an income support payment for farmers and their partners who are experiencing financial hardship.

Subsection 106(1) of the Act provides that the Minister may make rules by legislative instrument prescribing matters which are required or permitted by the Act to be prescribed.

### **Purpose**

The purpose of the Farm Household Support Minister's Amendment Rule 2015 (the Amendment Rule) is to amend the Farm Household Support Minister's Rule 2014 (the 2014 Rule), Part 3—Activity Supplement, section 8 Maximum amount of activity supplement (of \$3 000). The Amendment Rule increases the activity supplement by \$1 000 for FHA recipients to spend on 'high value' activities in their final (third) year of payment.

### **Background**

Under the Act, the *Farm Household Support Minister's Rule 2014* (the 2014 Rule) prescribes:

- the meaning of 'prescribed adviser' in the Act
- allowable deductions from ordinary income and off-farm income
- the maximum amount of two supplements payable along with FHA: activity supplement and farm financial assessment supplement.

The Agricultural Competitiveness White Paper (ACWP) sets out the Australian Government's roadmap of practical actions to grow our agriculture sector. Stronger farmers mean a stronger economy—and the ACWP is a \$4 billion investment in Australian farmers and the competitiveness and profitability of our agriculture sector. The ACWP stated the Farm Household Allowance (FHA) activity supplement would be increased by an additional \$1 000 for recipients in their third (final) year. The ACWP states that:

'As not everyone can improve their situation quickly, we are delivering \$22.8 million to support recipients in their final year of payment by increasing case management and the activity supplement by an additional \$1,000 for each recipient'.

(Agricultural Competitiveness White Paper, page 85;  
<http://agwhitepaper.agriculture.gov.au/white-paper.>)

### **Impact and effect**

FHA aims to provide income support to farmers in hardship while they take steps to improve their situation. Eligible FHA recipients can currently receive up to three cumulative years of payment under FHA.

The additional \$1 000 of activity supplement (and case management) will ensure that the best outcomes are achieved both for the recipients and for government expenditure. The measure

will support recipients to improve their situation and successfully transition off welfare payments within the three years available. It will also seek to increase a focus on actions to improve their situation, including options to find alternative sources of income/employment or take steps to exit farming where appropriate.

The policy intent of the \$1 000 activity supplement increase is to provide for ‘high value’ activities only (such as off-farm job readiness) that are commenced in the third (final) year of a recipient’s access to the FHA.

The earliest that the additional \$1 000 activity supplement can be payable to FHA recipients is in 2016-17, as this is the first year any recipients will be in their final (third) year of payment.

This measure is expected to have a positive impact on regional Australia in that the increased case management and activity supplement will further support the FHA’s programme aims, specifically positioning recipients to improve their long-term financial position. This will have flow-on benefits to regional communities through increased cash flow and demand for services.

### **Consultation**

The Office of Parliamentary Counsel drafted the Amendment Rule.

The Office of Best Practice Regulation (OBPR) was consulted in the preparation of the Amendment Rule (OBPR reference number: 18916). OBPR has advised that a RIS is not required.

The Amendment Rule is an instrument that gives effect to terms announced in the ACWP.

The White Paper process stimulated considerable public interest in the future of the sector. In the preparation of the White Paper, the views of the Australian public were considered through calls for public submissions on an issues paper and then a Green Paper. Throughout the issues and Green Paper consultation processes, more than 1,000 submissions were received and over 1,100 people were engaged in rural, regional and metropolitan areas in all States and Territories. Consultation involved farmers, industry associations, researchers, finance sector representatives, supply chain participants, and State and Territory governments through written submissions, roundtable meetings and one-on-one discussions.

Further detailed consultation regarding this Amendment Rule was considered to be unnecessary or inappropriate as the appropriate consultation had already been undertaken as part of the ACWP.

### **Statement of compatibility with human rights**

This Amendment Rule is compatible with the human rights and freedoms recognised or declared under section 3 of the *Human Rights (Parliamentary Scrutiny) Act 2011*. A full statement of compatibility is set out in the [Attachment A](#).

### **Details of the *Farm Household Support Minister’s Amendment Rule 2015***

#### Section 1 – Name

This section provides that the name of the Amendment Rule is the *Farm Household Support Minister’s Amendment Rule 2015*.

#### Section 2 – Commencement

This section provides for the Amendment Rule to commence on the day after it is registered.

### Section 3 – Authority

This section provides that the Amendment Rule is made under the *Farm Household Support Act 2014*.

### Section 4 – Schedules

This section provides that the 2014 Rule is amended as set out in Schedule 1.

### Schedule 1 – Amendments

**Item 1** repeals section 8 and inserts:

For paragraph 82(1)(a) of the Act, the maximum amount of activity supplement is:

- (a) if a person's cumulative period of farm household allowance is 2 years or more and the person begins, or will begin, to undertake an activity in the third year of the cumulative period of farm household allowance — \$4 000; and
- (b) in any other case — \$3 000.

## **Statement of Compatibility with Human Rights**

*Prepared in accordance with Part 3 of the Human Rights (Parliamentary Scrutiny) Act 2011*

### ***Farm Household Support Minister's Amendment Rule 2015***

This Legislative Instrument is compatible with the human rights and freedoms recognised or declared in the international instruments listed in section 3 of the *Human Rights (Parliamentary Scrutiny) Act 2011*.

#### **Overview of the Legislative Instrument**

The *Farm Household Support Minister's Amendment Rule 2015* (Amendment Rule) amends the *Farm Household Minister's Rule 2014*, Part 3—Activity Supplement, Section 8 Maximum amount of activity supplement (of \$3 000). The Amendment Rule increases the activity supplement by \$1 000 for FHA recipients to spend on 'high value' activities in their final (third) year of payment.

#### **Human rights implications**

The legislative instrument does not engage any of the applicable rights or freedoms.

#### **Conclusion**

The Amendment Rule is compatible with the human rights and freedoms recognised or declared under Section 3 of the *Human Rights (Parliamentary Scrutiny) Act 2011* as it does not raise any human rights issues.

**The Hon. Barnaby Joyce MP**  
**Deputy Prime Minister and Minister for Agriculture and Water Resources**