

EXPLANATORY STATEMENT

Issued by Authority of the 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* (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 on 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. Extensive stakeholder consultation was also undertaken as part of the ACWP.

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.

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
Minister for Agriculture and Water Resources