



Farm Household Support (Non-farm Assets) Amendment Rule 2016

I, Barnaby Joyce, Minister for Agriculture and Water Resources, make the following rule for the purposes of section 92 of the *Farm Household Support Act 2014*.

Dated 15 December 2016

Barnaby Joyce
Deputy Prime Minister
Minister for Agriculture and Water Resources

1 Name of rule

This rule is the *Farm Household Support (Non-farm Assets) Amendment Rule 2016*.

2 Commencement

This rule commences on the day after it is registered.

3 Schedule

Schedule 1 amends the *Farm Household Support (Non-farm Assets) Minister's Rule 2016*.

Schedule 1 Amendment

1 *Omit section 4, and in its place insert:*

4 **Modification of Part 3.12 of the *Social Security Act***

Division 1 of Part 3.12 of the *Social Security Act 1991*, as modified by section 95 of the FHS Act, has effect for the purposes set out in section 91 of the FHS Act as if the following section were inserted after section 1118AC:

1118FHS Farm-related assets

(1) In calculating the value of a person's non-farm assets:

(a) disregard the value of any asset held by the person which:

- (i) is not an asset of a kind described in paragraph 35(1)(a), (b) or (c) of the *Farm Household Support Act 2014*; and
- (ii) is held for the purpose of the carrying out of a farm enterprise (within the meaning of the *Farm Household Support Act 2014*) by the person or the person's partner and is not held, or capable of being held, for any purpose other than the carrying out of a farm enterprise; and
- (iii) is neither cash nor an amount deposited with, or lent to, a bank or financial institution; and

Example: A milk producer holds shares in a company to which they supply milk. That company is a co-operative: to supply milk to the company, the producer must own shares in the company, and no other persons are able to hold shares in the company. In this case the asset is held by the producer solely for the purposes of carrying out a farm enterprise and is not capable of being held for any other purpose.

(b) apply subsections (3) to (6).

Water entitlements

(2) For subsections (3) to (6), a ***water entitlement asset*** is an asset which:

- (a) is not an asset of a kind described in paragraph 35(1)(a), (b) or (c) of the *Farm Household Support Act 2014*; and
- (b) is a right or entitlement to water or to its holding, access, take or other use, including:
 - (i) a water access entitlement, being a perpetual or ongoing entitlement, by or under a law of a State or Territory, to exclusive access to a share of the water resources of an area in the State or Territory; or
 - (ii) a water allocation, being a specific volume of water allocated to a water access entitlement in a given period; or
 - (iii) an irrigation right within the meaning of the *Water Act 2007*; or
 - (iv) a water delivery right within the meaning of the *Water Act 2007*; and

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- (c) is held by the person wholly or mainly for the purpose of the carrying out of a farm enterprise (within the meaning of the *Farm Household Support Act 2014*) by the person or the person's partner.
- (3) If the person is not a member of a couple and the total value of the water entitlement assets held by the person does not exceed \$1,100,000, each of those assets is to be disregarded.
- (4) If the person is not a member of a couple and the total value of the water entitlement assets held by the person (the ***non-partnered water assets total***) exceeds \$1,100,000:
- (a) the person is taken to hold one water entitlement asset; and
 - (b) the value of that asset is taken to be the amount by which the non-partnered water assets total exceeds \$1,100,000.
- (5) If the person is a member of a couple and the total value of the water entitlement assets held by the person or the person's partner does not exceed \$1,100,000, each of those assets is to be disregarded.
- (6) If the person is a member of a couple and the total value of the water entitlement assets held by the person or the person's partner (the ***partnered water assets total***) exceeds \$1,100,000:
- (a) the person and the person's partner are taken to hold jointly one water entitlement asset; and
 - (b) the value of that asset is taken to be the amount by which the partnered water assets total exceeds \$1,100,000.

Charges and encumbrances

- (7) For the purposes of section 1121, an asset to which paragraph (1)(a) refers is to be treated as an asset to be disregarded (and an asset whose value is to be disregarded) under section 1118.
- (8) To avoid doubt, section 1121 applies to a water entitlement asset when calculating the value of the water entitlement asset for the purposes of subsection (3) or (5), a non-partnered water assets total for the purposes of subsection (4) or a partnered water assets total for the purposes of subsection (6).
- (9) Section 1121 does not apply in relation to an asset which paragraph (4)(a) or (6)(a) deems to be held.