

## Everything you need to know about the Farm Household Allowance

While the Farm Household Allowance has been around since 2014 over the last few months there have been several changes to eligibility, an extension to a fourth year and the introduction of bonus payments which are available for a short time only.

Originally the payment had a 3-year lifespan but in June the government announced a fourth-year extension. The payment provides assistance in the form of a cash payment of **\$492.80** a fortnight for each member of a couple, **\$545.80** for singles and **\$590.40** for singles with dependent children. It also assists by providing recipients with a health care card and **\$4000** to spend on training or upskilling

While touring drought-stricken parts of the country the Federal Agriculture Minister David Littleproud announced a lump sum payment for FHA recipients of up to **\$12000 per couple** and **\$7200 for singles** that must be applied for before the **1st of December 2018**

Legislation has been introduced into parliament to double the farm assets threshold to a net of **\$5 million** effective between **1st November** this year and **30th of June 2019**.

So the paperwork pressure is on for farmers, who fit within the qualifying criteria of both the Assets and Income Tests, to apply for FHA after the **1st of November 2018** but before the **1st of December 2018** to receive the full lump sum.

If your operation exceeds the current or new asset threshold, don't stop reading yet because, hardship provisions can apply for those farmers whose farm assets exceed the current or increasing limit.

To be eligible farmers' off farm assets are also considered and can't be worth more than **\$258 500** for single homeowners (**\$465,000** for non-homeowners) or **\$387,500** for a couple combined (**\$594 500** for those who are not homeowners).

Farm and off farm income will be reviewed during the application, however generally speaking it is capped at **\$1927 per fortnight** for couples combined or **\$1053.34** for singles.

Rachel Bock is based in Longreach and has been with Rural Financial Counselling Service North Queensland since 2014 and knows the ins and outs of the payment and the process.

Here she compares two operations one that will be eligible for FHA and one that will not.

*"A family wool growing operation purchased the property in 2010 for \$4.8m. Since the time of purchase there had been no improvements made to the property and it's currently in its sixth year of drought.*

*The property is running 3,000 sheep at present but normally runs 8-9000. The business owners estimate the property in its current condition could fetch perhaps close to \$3M taking off \$200,000 for the value of the homestead and the surrounding 5 acres.*

*The estimated value of stock and other farm assets are approx. \$450,000. With farm assets totalling \$3,450,000 and a debt of \$1,200,000 the net farm asset value is \$2,250,000. The business owner has no other off-farm assets but is currently contracting off-farm to help make ends meet.*

*Because the sheep and wool business made a sizeable loss in the previous tax year and is projected to make another sizeable loss this year this off-farm income can be offset against the interest repayments which are currently \$60,000 per annum. This family will be eligible for the FHA," she said.*

*However, another similar sized enterprise with no off-farm income but whose owners own an investment property in Toowoomba with no debt worth approximately \$600,000 and a share portfolio worth approximately \$220,000 would not come in under the off-farm asset threshold" Ms Bock said.*

While it is helpful to understand the eligibility parameters around the payment it is so important not to self-assess and contact an RFC, like Rachel Bock.

"I've not come across many rural operations which are set up exactly the same way and that's why it is so important to have your business considered individually by someone who understands FHA," Ms Bock said.

"Don't rely on whether your neighbour was approved to decide if you are eligible and don't listen to commentary on social media, find out if it suits your circumstance and set up by talking to us," Rachel Bock said.

"Expect to dedicate a day in the office to complete two applications if you are a couple. It might seem onerous, but the payment can equate to over \$37k in the next 12 months including bonuses," she said.

How the payment looks into the future is uncertain because an independent review of the program is being undertaken which is expected to be completed the first half of 2019 according to David Littleproud.

At the time of writing the legislative changes were still before parliament.

RFCSNQ is one of 12 services nationally that provides free rural financial counselling service under the Australian and State Government supported program. Ms Bock is one of seven experienced Rural Financial Counsellors servicing the North Queensland region.

RFCSNQ provides a confidential, free and impartial rural financial counselling service to primary producers, fishers and small rural businesses who are suffering, or at imminent risk of suffering, financial hardship.

Contact details for RFCSNQ can be found at [www.rfcsnq.com.au](http://www.rfcsnq.com.au) .

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