

# Farm Household Allowance Review

## State Drought Coordinator (NSW)

### Experiences

Comments from primary producers in relation to the FHA:

- Application process has duplication and complex modules and can be a very stressful process for people. Many comments that they just couldn't cope with the process whilst trying to survive.
- Application process is difficult for those with complex business structures. This results in requests for more information and a longer waiting period.
- Time period to see a Rural Financial Counsellor is too long; especially for those in serious financial hardship. People do not realise they need to book an appointment.
- System says parts of the application weren't lodged in the portal despite them being lodged. The 'clock' restarts each time you are asked to resubmit something resulting in a long drawn out process (many, many months in some cases).
- Communication from Centrelink is very poor once you lodge.
- Modules required to be completed by an accountant require the accountant to reconfigure all financials and this is a lengthy process, hence the cost of \$4k+. Can't just use annual tax returns. Accountants are suggesting the FHA application should be reconfigured to meet the needs of agriculture, rather than social welfare.
- RFCS said there will be people who should be on FHA but will not qualify this year due to the forced livestock sales in the previous financial period.
- You have to reapply (all paperwork) if deemed unsuccessful initially. There should be an easier process to reapply. i.e.: next financial year.
- Example of a family at Nymagee who are experiencing severe financial hardship were approved for FHA, but advised the first payment would take 8+ weeks. The family are seeking temporary financial assistance from charities as a result.
- Fear that you will be over-paid and required to pay it back. Therefore, not applying.
  - Inconsistent messages. Two cases of elderly farmers who were told by a phone line they were ineligible, however the accountant told them they were.
  - Example from Broken Hill where no one for FHA is located in the Centrelink office, so visited a Centrelink office whilst visiting family at Wagga. They run a partnership and the Centrelink staff member handed them a module for companies. They explained they are a partnership, not a company and were told to complete the form. More than half way through completing the form, they got to a section which stated that if they were a partnership, only fill in certain questions. Considerable time wasted.
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### During:

- Compulsory regular visit to a Centrelink office is difficult for those with distance challenges.

- Visit to Centrelink is demoralising and people have described feeling like a criminal during the onerous questioning process. The move to open Centrelink offices on Saturdays for farmers is an excellent move.
- Family from Narrabri made contact to say Centrelink was only just reviewing their 14/15 tax returns whereby they were informed they need to repay despite discussing small income amounts during their regular meetings with their case worker and being advised it wouldn't be an issue. This family was issued an account for \$38,000 and have lodged an appeal (in August 18). Their appeal date is late November 18. They are very concerned about future issues as Centrelink catches up on reviewing tax returns.
- Families moved off and on the FHA due to stock sales. This can be stressful and confusing. Forced stock sales should be sterilised as income as farmers generally sell to feed remaining stock or park funds to buy back in.
- In 2016 in the North West many farmers had to repay FHA overpayments after a saleable crop was harvested which was the only crop since 2012 and no more to date.
- Self-assessing as ineligible due to carbon projects which are classed as personal income not business income. Even though the carbon projects have risks associated with the contracts, such as repayments if carbon is reduced.
- FMDs pose similar self-assessment challenges.
- Farmer from Burren Junction said in their final few months on the FHA they were suddenly told they would need to do a financial and risk management plan. No one had ever mentioned this over the previous 2.5 years.

#### Suggestions:

- Could you opt to be paid it in a lump sum at the end of the financial year (like Part A & B family payments) to avoid fear of over payment?
- Suggestion from a few drought discussion sessions that the farm value should not be included in the asset test as this is the place of business
- Asset limit may need to be further considered as the current set threshold may not fit with land values and what is a viable property size to operate a primary business in that area. A one size fits all approach may not be the best option.
- FHA was designed to focus on Farm households, not business, yet the compliance requirement relates to the farm business. Maybe there could be two separate payments one that relates to farm households and one that relates to business continuity- this can have a compliance requirements.

#### Other

- Perception that applying for FHA will contribute to portrayal of farmers as poor and ineffective managers. It should be communicated as a way of supporting farming households so that they can focus on their business during adverse times.

- The Centrelink bus is good, but farmers and farming communities do not understand what the bus is capable of. More discreet signposting or using a private room at council would help reduce the stigma of farmers entering the 'centrelink bus'.
- The Centrelink case worker was excellent, but the bigger body of Centrelink was atrocious.
- Centrelink workers couldn't answer questions. Their knowledge of the FHA, or agriculture was generally poor resulting in misinformation and significant waste of time.
- Centrelink caseworker explained that the hold-up happens in the head office. FHA is a small % of the clientele and not a priority.
- Many Centrelink case workers made redundant at beginning of 2018 and no moves to reinstate given the increase in applications; Centrelink has tried to move the problem to the RFCS. Current Centrelink case workers are overloaded and not well supported.