



Submission on the Farm Household Allowance review

Section A: General information

Purpose of this form For individuals and organisations to provide comment on the Farm Household Allowance review.

Before Responding

- Read the [issues paper](#) for the Farm Household Allowance Review
- Read the [terms of reference](#) for the Farm Household Allowance Review
- Ensure you have read sections C, D and E of this form.

Closing date 31 October 2018

To complete this form **Electronically**

Save the PDF or word file to your computer. You will need the latest version of Adobe Acrobat Reader to save changes to the pdf version.

In print

Use black or blue pen.

Print in BLOCK LETTERS.

Mark boxes with a tick or a cross.

Your submission must include

- a completed and signed submission form (this form)
- your submission (and supporting information if relevant)

Post or email (preferred) your submission

Farm Household Allowance Review
Department of Agriculture and Water Resources
GPO Box 858
Canberra ACT 2601
Email: FHARreview@agriculture.gov.au

Section B: Respondent

1 Organisation name (if applicable) **Rural Financial Counselling Service Central Region**

2 Contact address

Postal address **PO Box 922**

Suburb/town/city **DUBBO** State/territory **NSW** Postcode **2830**

3 Contact person

Given name(s) **Robert** Family name **McGorman**
Work phone **1800 940 404** Mobile phone **0407 282 843**
Email **rob.mcgorman@rfcscr.com.au**

Section C: Confidentiality

4 Is all of your submission confidential?

No

Yes Clearly mark the submission 'In confidence'

5 Is part of your submission confidential?

No

Yes Clearly mark the relevant section(s) 'In confidence'

Section D: Publication of submissions on the department website

Unless you request otherwise, the department will publish your name, organisation and the title of your submission on its website. Your contact information will not be made available.

6 Do you agree to your submission being made publicly available?

No Go to question 8

Yes Go to question 7

7 Do you agree to your name and state/territory being listed?

No

Yes

8 Do you agree to the department contacting you about your submission if required?

No

Yes

Section E: Privacy notice

'Personal information' means information or an opinion about an identified individual, or an individual who is reasonably identifiable.

The collection of personal information by the Department of Agriculture and Water Resources in relation to this submission is for the purposes of gathering information on our review of the Farm Household Allowance and related purposes. If you do not provide this information, the department will be unable to contact you to discuss your submission.

Under the *Freedom of Information Act 1982*, submissions marked confidential may be made available. Such requests will be determined in accordance with provisions under that Act.

Personal information may be published on the department's website, disclosed to other Australian agencies, persons or organisations where necessary for these purposes, provided the disclosure is

consistent with relevant laws, in particular the *Privacy Act 1988*. Your personal information will be used and stored in accordance with the Privacy Principles.

See the department's [Privacy Policy](#) to learn more about accessing or correcting personal information or making a complaint. Alternatively, telephone the department on +61 2 6272 3933.

Section F: Applicant declaration

This declaration must be completed by the person listed in section B of this application.

I understand that:

- the Australian Government reserves the right to refuse to publish submissions, or parts of submissions, that contain offensive language, potentially defamatory material or copyright infringing material
- a request may be made under the *Freedom of Information Act 1982* for a submission marked confidential to be made available. Such requests will be determined in accordance with provisions under that Act
- if I provide personal information about an individual other than myself, I must make that person aware of the privacy notice in section E of this form and draw their attention to the department's privacy policy
- in lodging this submission, I grant the Commonwealth a permanent, irrevocable, royalty-free world-wide, non-exclusive licence to use, copy, reproduce, adapt, communicate and exploit all or any of the material contained in it; and
- in lodging a submission, I warrant that to the best of my knowledge, I have not infringed any third party IPR.

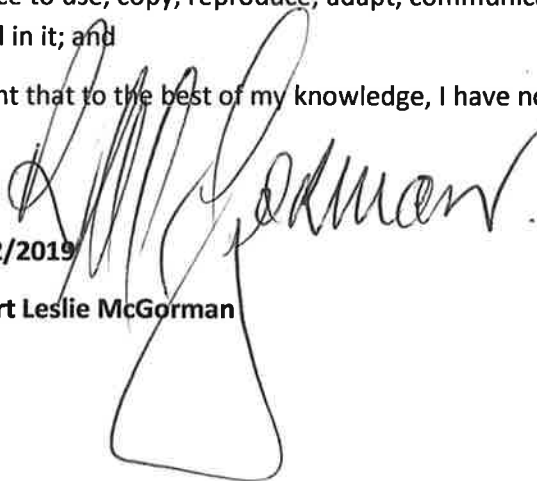
Signature (type or sign your name)

Date (dd/mm/yyyy)

Full name

11/02/2019

Robert Leslie McGorman



FHA Review – Dubbo 15/11/2018

Questions that cause applicants to stumble

Q No.	Question relates to	Issue with question	Solution
Application Form			
37 - 44	Where partner has lived	Questions about where partner has lived seen as irrelevant and are collected on the partner's form	Leave out or don't ask the partner to complete a separate form as it's a duplication of information
46	Where you live	Too many options for a person who sees themselves as living on their farm	Include a category that says 'living in a house on our property or one of our properties'
48	Size of block home is on	Irrelevant question to a person living on a farm west of Great Dividing Range	Leave out
48	Number of title documents	Irrelevant question where the farm is run as 1 unit irrespective of the number of titles	Leave out
48	Part of property used for income producing purposes	Irrelevant question as all of the property is seen as being used to produce income	Leave out
70	Off set of off farm income	The implication of this question not well understood and on occasions banks loathe to provide evidence	Reword question to <ul style="list-style-type: none"> - clarify the off-farm income and the loss components of the question - provide bank with confidence they are not being restricted by the evidence they need to supply

Mod R			
5	Number of properties in Australia and/or outside Australia in which the applicant has an interest	Farmers see their agricultural properties as a unit not as individual properties	Reword question to capture the number of off farm properties, in addition to the farming unit
7	Type of property	'Farm' is lumped together with 'hobby farm'	Give separate section for farm (similar to Q22)
14	Portion of the land around your home property used for business purposes . . .	As a farm it's seen as all being used for business purposes	Leave out
15	Value of the portion of land (up to 2 hectares) surrounding home	Question seen as completely irrelevant as the 2 hectares is an unsaleable block	Leave out
17	Value of home and surrounding 2 hectares	As above	Leave out
18	Number of title documents on property	Seen as irrelevant if farming land	Reword question
19	Estimate of the value of the home and surrounding title	As above	
29	Date of purchase of property	Seen as irrelevant as often purchased more than 25 years ago	Reword to capture the year only if more than 3 years ago
31	Buildings on the property	Seen as irrelevant detail in the question	Ask for list of houses and sheds only. I note silos and stock yards are not included but yet are a valuable part of a farming enterprise
32	Mortgage on property	Mortgage documents not always readily available on long standing loans	Statement of loan balance should be sufficient to demonstrate a loan has been taken out
37	Non-rental income from the property	Non-rental income not clearly understood	Provide explanation of non-rental income

Mod F			
12	Current value of business assets and liabilities as shown on the latest balance sheet?	The answer to this question will always be yes as the assets are valued at cost	Leave out
13	Is the business still operating	Irrelevant question – the fact that there is a business has been established in Q1 of the application form	Leave out
14	Related to Q13	As above	Leave out as relates to Q13
15	Related to Q13	As above	Leave out as relates to Q13
16	Related to Q13	As above	Leave out as relates to Q13
17	Related to Q13	As above	Leave out as relates to Q13
19	Related to Q13	As above	Leave out as relates to Q13
21 - 22	Newstart and youth allowance and looking for work	Irrelevant questions as applying for FHA	Leave out

Income and Assets			
4	Do you have a partner?	Elderly married people take exception to being called a partner and have answered no at this point	Include the words spouse or partner
11	Seasonal, contract and intermittent work	This question leads to confusion re the definition of seasonal, contract or intermittent work	Provide better definition
18	Trust now vested?	Meaning of vested not well understood	Provide explanation of when a trust is vested
31	Date entered care accommodation on or after ...	Does a person living in care accommodation meet the eligibility criteria in Q1 of the application?	Leave question out
39	More than 1 title document	See comments on Mod R Q18	
40	Property used for income producing purposes	See comments on Mod R Q14	
41 - 42	Number of properties	See comments on Mod R Q5	
43	Age Pension application	Question seen as irrelevant as it has already been established the person is applying for FHA	Leave out

I spoke briefly at the Dubbo meeting yesterday and wanted to take the opportunity to add couple of additional points to those made during the meeting at the Dubbo RSL Club (apologies for any doubled up).

1. The FHA program is based on 2 faulty premises
 - a. Farmers will be happy to engage with Centrelink. Their objection to this will manifest in a number of ways however, at the base of it is, Centrelink is seen as an organisation that assists unemployed people and farmers don't see themselves as unemployed people – therefore don't want to engage with Centrelink.
 - b. Internet connection is reliable and well taken up by rural people. There is a push to get the forms filled out on line but away from regional towns the internet is either unreliable or not well understood. This, as was discussed, can be due to a number of factors – poor connection, substandard equipment, cost factors, operator knowledge and operator attitude (just to name a few).
2. Barriers to take up
 - a. The length of the application forms and the complexity or irrelevance (or perceived irrelevance) of the questions is a barrier that was identified at the meeting. Attached is a list of the questions that I see as a barrier and possible solutions
 - b. The length of time from application to approval / rejection is also seen as a barrier. There doesn't seem to be any acknowledgement that we are assisting people who have no money to purchase groceries and they become might hungry in 3 months waiting for their application to be approved
 - c. Fear (and I use that word purposefully) of having to pay the allowance back at the end of the financial year
3. The program should be available for 5 years. Change is a slow process in agriculture and often takes longer than the original 3 year timeframe of the program
4. Currently farmers think of the Farm Household Allowance as a drought payment. As a matter of fact, the program has diverged from it's original purpose of a payment that's available during a period of adjustment to a welfare payment due to drought. This has a dual impact
 - a. Effort will need to be put into ensuring that people understand it is not a welfare payment when the drought finishes
 - b. Getting customers to engage with the strategies identified in the Financial Improvement Agreement will be difficult as all they see is a payment that's available until it rains and then everything will be okay again.
5. Mandatory obligations – mandatory obligations are an essential part of the program. I see a couple of improvements can be made in this area once the welfare/adjustment payment matter (as described above) has been sorted out
 - a. Customers should be asked to get their financial reports completed by the end of September following the close of the financial year. Currently it is common place for financial reports to be done around March of the following year and, since the main income producing event occurs in the middle of the financial year and is driven by the spring weather conditions, by the time the reports are reviewed the income event is 18 months previous. This means that another crop has been harvested in that time and the sowing of a 3rd crop is about to be undertaken. Whilst it might be good from a taxation point of view it means the income events and the reports that capture the result of those events are too separated and trying to develop strategies for financial improvement is made all the more difficult
 - b. The FIA also needs to contain a compulsory activity that ensures the customer gains some knowledge and understanding of the risks involved in the enterprise and the likely impact of those risk events.

6. There has been a concerted effort by the Rural Financial Counselling Service and DHA, through Dept Agriculture and Water Resources, to forge a greater co-operation between the two bodies in relation to ensuring the FIA is not a 'toothless' agreement that doesn't foster change. Whilst RFCS has an understanding about how this will work, we have been thrown into the application part of the process (which was not the intent) and doesn't seem to be working at the FFA / FIA part of the process (which was the intent). Please don't take this as a complaint as that's not the intention, however it has loaded the RFCS up with a lot of work (at the application part of the process) that is not our core business and hasn't facilitated 3 way interaction (DHS / RFCS / client) at the FFA / FIA stage of the process - which is our core business.
7. If the expectation is that the RFCS will continue to work in the application space additional long term resources and training for counsellors will be necessary i.e. continued funding for counsellors and a sharing and explanation of the criteria used in the FHA assessment
8. The increase in the total net asset criteria (from \$2.55m to \$5.0m) has been well accepted by the farming community and appropriately reflects the response farmers have made to the cost/price squeeze they are constantly under. However the off farm assets that are necessary to support a larger operation (after all, diversification is one of the aims of FHA) has not changed and needs addressing.
9. The off farm income offset of up to \$80,000 is an appropriate part of the program however the application of this strategy is neither well explained or understood. Whilst it might seem as simple matter of picking up the phone and asking for an explanation Centrelink is a bit of an 'iron curtain' and it's difficult to get consistent information from their 1 point of reference – the Farmers Hotline. It's only in the past 2 weeks that we have found a copy of the 'Farm Household Allowance Guidelines August 2018', by accident on the DHA website, but as yet still unable to confirm if this is the best document available of if there's something more appropriate for the service.