



Australian Government
**Department of Agriculture,
Fisheries and Forestry**

Farm Household Allowance guidelines

These guidelines reflect Farm Household Allowance policy from 1 July 2024

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Department of Agriculture, Fisheries and Forestry

GPO Box 858 Canberra ACT 2601

Telephone 1800 900 090

Email: pha@aff.gov.au

Web agriculture.gov.au

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Acknowledgement of Country

We acknowledge the Traditional Custodians of Australia and their continuing connection to land and sea, waters, environment and community. We pay our respects to the Traditional Custodians of the lands we live and work on, their culture, and their Elders past and present.

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Using these guidelines

These guidelines provide a high-level view of the policy for Farm Household Allowance and are to be read in conjunction with the relevant legislation.

Unless stated otherwise, this version of the guidelines includes policy that applies to assessing Farm Household Allowance entitlement in respect of a day on or after 1 July 2024, including new claims and/or any re-assessments. Policy guidelines that were in effect until 30 June 2024 can be found [on the web](#).

References to the *Farm Household Support Act 2014*, *Social Security Act 1991*, *Social Security (Administration) Act 1999* and the subordinate legislation reflect legislative provisions that are in effect on 14 October 2024.

Abbreviations used in these guidelines are in the [Glossary](#).

Introduction

Agriculture in Australia is a volatile industry, and farm performance depends on many factors with farming businesses often experiencing high fluctuations in their incomes. Farm Household Allowance (FHA) is an Australian Government support package available to eligible farmers and their partners experiencing financial hardship when the income fluctuates to a low level. A common misconception in the farming community is that FHA is a ‘drought payment’ but it is available during any adverse event or circumstance.

FHA provides targeted assistance that gives farmers and their partners practical support to assess their situation and plan a way forward to long term financial security. This approach is informed by behavioural analysis goal-setting which requires the description of the issue, the prediction of an outcome, and control of the variables. To support these structural adjustment aims, the program is more than an income support payment – recipients undergo a series of additional assessments about their financial and psycho-social ability to transform their situation. This is underpinned by one-to-one support. The wide-ranging assessments are designed to give the tools to the person to explore and understand the drivers of their situation to find a pathway through from the short and medium term to the long term.

There are 5 key elements to the program:

- 1) a fortnightly income support payment, (paid at the maximum rate)
- 2) a \$10,000 per person Activity Supplement (lifetime capped), to develop skills, access training and pay for advice to increase the capacity for long term financial security
- 3) a professional financial assessment of the farm enterprise up to \$1,500 in value
- 4) a Health Care Card and other allowances such as the Energy Supplement, Telephone Allowance, Pharmaceutical Allowance, Rent Assistance and Remote Area Allowance
- 5) tailored and practical case support from a Farm Household Case Officer (FHCO) to assist the recipient achieve their financial self-sufficiency goals.

Figure 1 The 5 key elements of the program



Within this framework, the level and drivers of financial hardship are examined, goals are selected by the recipient with guidance from their FHCO, funds are available to purchase expert advice or acquire new skills, and progress (including adjustments) occurs at regular intervals.

To focus on goal-setting and progress, FHA can only be paid to farmers and their partners up to a maximum of 4 cumulative years (1,460 days) within a legislated 10-year period while they take action to address their long-term financial security. This 4-year period provides recipients with time to develop strategies for self-reliance and creates an incentive to make significant business decisions where the farm enterprise is unsustainable. It also means that the enterprise should be capable of sustaining the farmer and/or their partner for the remaining 6 years of the decade (that is, that the farm enterprise supports the family for longer than it is supported). However, the 4 years does not have to be taken as a single block; FHA can be paid over multiple shorter periods not exceeding 1,460 days in total. The first 10-year period ran from 1 July 2014 to 30 June 2024. The second period is from 1 July 2024 to 30 June 2034, and so on.

FHA legislation and policy

The FHA is legislated in the *Farm Household Support Act 2014* (FHS Act), separate from other social security payments but applying and notionally modifying the *Social Security Act 1991* (SS Act) and the *Social Security (Administration) Act 1999* (SS(Admin)Act).

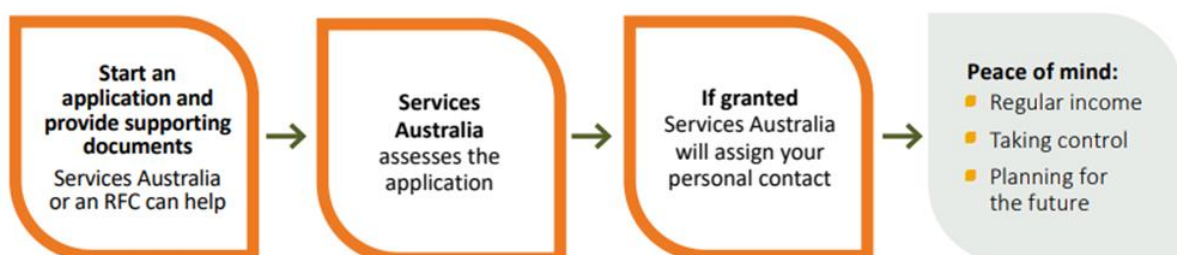
The aim of this system of inter-related Acts is to minimise administrative complexity but allow for alignment with social security legislation where appropriate. The legislation (and the legislative instruments created under it) details all aspects of the FHA, including the qualification requirements, payability settings and the reciprocal obligations framework. Where a provision of the SS Act or SS(Admin)Act applies in relation to JobSeeker Payment or Youth Allowance, it generally applies in relation to FHA, unless the provision has been replaced, notionally modified or turned off in the FHS Act. These references are in Part 5 of the FHS Act, from section 90 to 99 (inclusive).

The Department of Agriculture, Fisheries and Forestry (DAFF) administers FHA policy. Services Australia is responsible for all aspects of program delivery, including assessing applications, granting and administering payments, conducting reviews and appeals, and providing case management support to FHA recipients.

FHA process

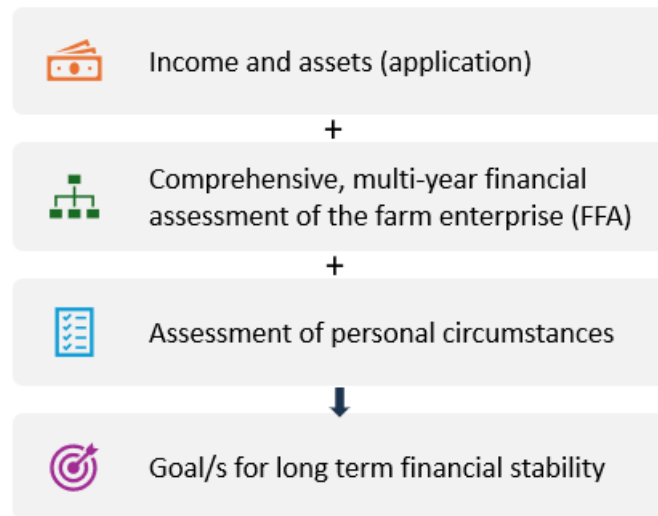
[Income](#) and [assets](#) tests are used to assess qualification for FHA. As with all social security payments, the more complex or intricate the financial situation, the more supporting information must be supplied. There are also specific qualifications that are assessed in the process for FHA. The steps of the FHA process are shown in Figure 2.

Figure 2 The application process



If payment is granted, recipients start working with their Services Australia case officer (FHCO) to identify areas they need to change and set individual goals, as shown in Figure 3.

Figure 3 End-to-end process



Several activity assessments are conducted, and an independent farm financial assessment (FFA) is undertaken to help identify challenges and constraints and options for improving self-reliance. FHA applicants must be willing to undertake activities to improve their financial situation, to continue to qualify for payment.

Activities will be agreed between a recipient and their FHCO and captured in a financial improvement agreement (FIA) which will be updated as required. Activities such as training courses, conferences and obtaining external advice, should help recipients to either improve their income from on farm and off farm activities, improve their prospects of gaining work outside the farm or identify opportunities to exit farming including through succession planning. FHA recipients may use part or all of their lifetime allocation of \$10,000 activity supplement to pay for advice or training.

If the farmer and/or their partner is also working with the Rural Financial Counselling Service (RFCS), the plans developed with them to improve financial self-sufficiency will be a core focus of their FIA.

This personalised support also encourages people to use their FHA payments strategically – empowering them to decide when it is best to transition off payment and preserve their financial support for any future hardship.

1 Qualification

A person may qualify for FHA as a [farmer](#) or, in situations where one member of a couple is not a farmer, they may qualify as a [farmer's partner](#). All aspects of the person's circumstances are looked at in the assessment process.

2 Overview of qualification criteria as a farmer

Under the FHS Act, a person is qualified for FHA if all of the following apply:

- the person is a farmer
- and the person contributes a significant part of his or her labour and capital to a farm enterprise
- the farm enterprise has a significant commercial purpose or character
- the land that is used for the purposes of the farm enterprise is in Australia
- the person has turned 16, and
- the person is an Australian resident, and is in Australia and either:
 - the person has indicated, in writing, that they are willing to enter into, and comply with, an FIA, or
 - an FIA is in force in relation to the person, and
- the person meets the 4 years or less requirement.

Legislative reference: section 8 of the FHS Act.

In addition to these criteria, the farm enterprise must be effectively under control by the farmer.

Legislative reference: section 12 of the FHS Act.

2.1 Definition of a farmer

For the purpose of FHA, a farmer means a person who:

- has a right or interest in land, and
- uses the land wholly or mainly for the purposes of a farm enterprise.

The definition of a ‘farmer’ captures individuals who have a right or interest in land used for the purposes of a farm enterprise. However, a person does not need to have total financial or legal control of the farmland to meet the definition. A person may meet the definition of a farmer if they have any legal or equitable interest in the land. For example, sharefarmers (individuals who have entered into an agreement to contribute resources to a farm enterprise in return for a share of profits) may meet the definition of a farmer.

The land must be used for the purposes of an enterprise carried on within any of the agricultural, horticultural, pastoral, apicultural or aquacultural industries.

2.1.1 Right or interest in land

A person may have a right or interest in land including through:

- ownership of land
- leasing of land

- share farming
- private companies and trusts that own land
- being an apiarist.

Ownership of land

A right or interest in the land can be established by ownership of the land, or a right to use the land under an agreement with the owner. This may include an interest by virtue of intra family arrangements.

Leasing of land

A lessee has a right or interest in land, usually supported through a formal contract or lease agreement.

Share farming

Individuals involved in a share farming arrangement can demonstrate that they have a right or interest in the land through a share farming agreement – where they have agreed to contribute resources to a farm enterprise in return for a share of profits.

Private companies

Where a private company or partnership owns the farmland, a person may have a right or interest in the land if they are a shareholder of the company or a member of the partnership. If a farmer leases land from their self-managed superannuation fund, they hold a right or interest in the land.

Trusts

Where a private trust owns the farmland, a person may have a right or interest in the land if they are a beneficiary of the trust (and not the controller) and are able to demonstrate a connection beyond an income disbursement through the terms of the trust deed or exercise of the discretion of the trustee. This connection could be demonstrated, for example, through the person:

- being entitled to some or all of the capital or assets of the trust either through the trust deed or other formal documentation
- having provided a beneficiary loan to the trust – in which case they have a legal right to call on the trust, or
- having made a significant capital investment in the farm enterprise through purchasing assets such as machinery or investing in the running costs or improvements to these assets.

Apiarists

Individuals involved in bee-keeping activities can establish that they have a right or interest in the land if they can demonstrate that they have an agreement with the landowner to keep their hives on that land.

2.1.2 Farm enterprise

The farm enterprise is the business associated with the farmland. The definition of a farm enterprise is an enterprise carried on within the agricultural, horticultural, pastoral, apicultural or aquacultural industries. A farm enterprise may be engaged in these activities, defined as primary production under the Australian Taxation Office (ATO) [Taxation Ruling TR 97/11](#) (TR97/11):

- cultivation or propagation of plants, fungi or their products or parts (including seeds, spores, bulbs and similar things) in any physical environment
- maintenance of animals for the purpose of selling them or their bodily produce, including natural increase
- manufacturing of dairy produce from raw materials produced by the business.

Other primary production activities identified in TR97/11 are partially or fully outside of the scope of eligible industries (see Farm enterprise – exclusions).

The definition of a farm enterprise does not include an activity that is considered to be part of a [related business](#). If a farmer undertakes other activities or is running other business(s), these do not form part of a farm enterprise even if they are run on the farm or relate to agriculture, horticulture, pasture, apiculture or aquaculture. Only income generated by the farm enterprise will be considered in assessing whether a farm enterprise has [significant commercial purpose or character](#). This is discussed in more detail, with examples, under ‘Revenue of the farm enterprise’ within the ‘Farm enterprise – assessment of the significant commercial purpose or character’ section.

Carbon farming

A farm enterprise can include circumstances where a farmer has set aside a portion of the farm as part of a ‘carbon farming’ activity, including biodiverse carbon plantings or revegetation, as this is considered as falling within the practice of the agricultural industry. However, any asset used for this activity could be a farm asset for the purposes of the assets test if it satisfies the definition of a [farm asset](#) in the FHS Act. It would be expected that these activities take place as part of a wider livestock or cropping enterprise and an enterprise that only undertakes carbon farming plantings would **not** be considered as a farm enterprise (it is unlikely that this would occur in practice).

Farm enterprise – exclusions

It is a longstanding policy of the Australian Government that that income support is not paid to commercial small businesses. The exception is farmers, mainly due to the illiquid nature of their assets and their unique circumstances. **Forestry**, while a primary production activity, is not considered to be an enterprise falling within the agricultural, horticultural, pastoral, apicultural or aquacultural industries.

An enterprise run as a forestry business does not meet the definition of a ‘farm enterprise’ for FHA. Therefore, individuals who have a right or interest in land used wholly or mainly for forestry purposes do not meet the definition of a ‘farmer’ on that basis.

It should be noted that ‘carbon farming’ plantings differ from commercial forestry plantings in that they are not undertaken with the intention of future harvesting (as any carbon sequestered in the vegetation is lost if the plantings are harvested).

See information in [Assets test](#) related to the assessment of assets used to undertake forestry activities.

Similarly, **hunters and wild catch fishers** do not meet the definition of a farmer for FHA purposes as their operations can be more accurately described as harvesting as they are not involved in husbandry or caring for the animal prior to harvest. Welfare payments for harvesters also pose a problem of extending a full-time payment to what, for many, is a part time industry.

Hunters and wild catch fishers have broad stewardship responsibilities for the resources and land they operate, any right or interest they hold in the land they use is not considered to be for the purpose of undertaking a farm enterprise as defined in the FHS Act. Hunters and wild catch fishers also have a greater opportunity to move elsewhere to make a living from the same or other work, than those who farm the land.

FHA recognises that during periods of hardship, farmers continue to have legislated requirements in terms of land management, including water, chemical use, pest management and other responsibilities that support their stock of natural capital. Additionally:

- FHA also recognises that the farmer must put money, time and effort into producing their commodity/ies and that this curtails or prevents their ability to work elsewhere.
- Fish stocks are a common resource managed by government fisheries officers. During times of limited or no fishing, fishers are not required to perform a stewardship role to maintain the fishery. Hunters are usually employed to target wild and/ or feral pest animals. Again, there are no stewardship responsibilities for the hunter.
- Unlike most farmers, boat owners normally reside in coastal communities, and hunters are accustomed to being mobile to access work opportunities. They generally have access to alternative employment options with mainstream welfare such as JobSeeker Payment available to those who are genuinely seeking work but unable to obtain it. Additionally, boat owners generally do not have to maintain a presence on their vessels during downtime and are free to pursue other employment.
- The FHA applies to farm owners, rather than farm managers and workers. The equivalent in the fishing industry is boat owners rather than the quota holders, skippers or deck hands.

Legislative reference: section 5 of the FHS Act.

2.2 Labour, capital and effective control considerations

Each of the qualification requirements related to the enterprise must be assessed in tandem with each other as they comprise a complete picture of the farming operation. These criteria are designed to focus FHA on farmers who contribute significant labour and capital to the enterprise, and whose contribution is material to the enterprise. There is a symbiotic relationship between the labour and capital and the requirements that the farm enterprise must have a [significant commercial purpose or character](#). The size and scale of a commercial scale operation necessarily requires a substantial input of labour and capital. When assessed in conjunction it helps form the picture of the ability of the farm enterprise to be efficient and profitable. These criteria prevent non-commercial farmers or people who are wholly or substantially absent farmers receiving payment.

The requirement of a significant labour and capital contribution is assessed according to the individual's and the business's circumstances. Depending on the commodity, the extent of mechanisation, or the climatic conditions, there are times when a farmer is not required to be physically on farm. They may take advantage of the opportunity to gain off farm employment, gain or revisit skills, or explore new opportunities. Providing that, on balance, they have met the significant labour and capital contribution, they may continue to qualify as a farmer.

In addition, considering the farm enterprise separately from any other employment or business carried on by the farmer addresses the issue that during times of significant business stress it is likely that off farm income will play a much greater role in supporting the farming enterprise. The income test provisions are the proper mechanism to determine when and how farmers in this position should be paid, rather than relying on a catch all definition that disadvantages those who have proactively sought to diversify their operations and spread their risk.

Legislative reference: section 8 of the FHS Act, section 6 of the *Farm Household Support Secretary's Rules 2024*

2.2.1 Effective control

A farmer is required to be in effective control of the relevant farm enterprise in order to qualify, and remain qualified, for the payment. Examples of cases in which it may be considered that an individual is not effectively in control of a farm or farm enterprise are when a mortgagee has taken possession of a farm, when an individual is a bankrupt or when an eviction notice has been served on an individual in respect of a farm. The intention of the section is to ensure that management and decision-making rests with the farmer (including any other business partners).

For the avoidance of doubt, the legislation also references farmers involved in a private trust. In these cases it is possible that the controller of the trust is not the farmer claiming payment (and therefore may appear to be excluded from having effective control). However, this should not be an impediment to qualification as long as the claimant can demonstrate a strong association with the farm enterprise, such as (but not limited to) making managerial decisions.

This requirement is not intended to exclude share farmers who may not have full managerial control of the farm enterprise under their share farming agreement.

Legislative reference: section 12 of the FHS Act.

2.2.2 Significant labour

This section describes provisions for determining contribution of significant labour to the farm enterprise. It covers:

- assessment of significant labour
- temporary illness or injury.

Assessment of significant labour

The purpose of the significant labour qualification requirement is to exclude individuals who meet the definition of a farmer but whose labour contribution is not significant to the effective and profitable operation of the farm enterprise. The requirement excludes absent or retired farmers, such as a farmer who is in a nursing home or an investor in a farm enterprise.

An assessment of the labour a person contributes to a farm, will seek to establish that the labour is both significant to the individual and to the effective and profitable operation of the farm enterprise.

An assessment should examine the farmer’s time spent working the farm enterprise as well as their other activities (for example, off-farm employment or volunteering). It is also possible that the farmer is in effect holding down two full-time occupations and this assessment should encompass all of the person’s activity. When balancing labour from other activities such as employment, it is important to consider if non-farm activities are sporadic, episodic or seasonal and how these arrangements work around the requirements of the farm enterprise.

The FHA income test allows operating losses of the farm enterprise and/ or a related business to offset other income – see [Operating losses offset rule](#) for more information.

In recognition of the many variabilities faced by farmers, the assessment of significant labour does not require a defined proportion of labour for the qualification requirement to be satisfied. Rather, it is determined on a case-by-case basis.

As the farm enterprise is distinct from the farmland, a person may meet the qualification requirement that they contribute a significant part of their labour to a farm enterprise even if they do not undertake physical labour on the farm, such as milking the cows or driving the tractor. Labour includes non-physical activities such as financial and administrative management of the farm enterprise. However, wholly domestic duties are not considered farm labour.

Legislative reference: section 8(b) of the FHS Act, section 6 of the *Farm Household Support Secretary’s Rules 2024*.

Temporary illness or injury

Where a farmer is incapacitated by a temporary illness or injury, which results in an exemption from the activity test, they will be taken to contribute a significant part of their labour to a farm enterprise if, immediately prior to the temporary illness or injury, they had been contributing a significant part of their labour to a farm enterprise.

Legislative reference: sections 11 and 31 of the FHS Act.

Box 1 Examples of significant labour

Example 1

The farm enterprise is operated as a partnership and one member is largely responsible for the physical labour and another for the book work. The person who is responsible for the book work may still qualify because he or she contributes a significant part of his or her labour to the farm enterprise.

Example 2

A wheat and sheep farmer is also a qualified car mechanic. The mechanic-related work is sporadic and allows her to manage the usual farming activities (harvest, sowing, lambing and shearing). To some extent, the farmer relies on income earned from mechanic work to supplement income from the farm enterprise. She spends significantly more hours working on the farm than in the workshop. This farmer would meet the significant labour requirement as the farm labour is a significant part of her overall labour.

Example 3

A man in his 80's has become permanently confined to a wheelchair. He is mainly confined to the house, or to trips beyond the farm gate. He occasionally ventures out onto the farm to feed the animals near the house and provide guidance to the farm workers. The [temporary incapacity exclusion](#) cannot be applied as his incapacity is permanent. While the labour may be significant to the person and he identifies himself as a farmer, most of the labour for the farm enterprise is provided by others. In this case, his labour is not significant to the effective and profitable operation of the farm enterprise.

Example 4

A man owns farmland where he raises cattle and undertakes employment as a communications manager (over 2 hours away from the farm). He leaves his cattle to naturally graze while working and has an arrangement with a neighbour to check on the herd. He travels every second weekend to the farm and undertakes some farm activities, but contracts most farm labour required to maintain the property. The time spent in employment is more significant than the hours spent on farm enterprise activities, and professionally the person identifies themselves as a communications manager. The significant labour requirement is not met as labour contributed is not significant to the person or the effective and profitable operation of the farm enterprise.

2.2.3 Significant capital

The purpose of the capital qualification requirement is to exclude individuals who meet the [definition of a farmer](#) but whose capital contribution is not significant to the efficient and profitable operation of the farm enterprise. These potential applicants may be better positioned to claim social security payments targeted at non-farmers as their assets are unlikely to preclude them from other payments. This criterion is designed to exclude people who are more correctly described as farm workers – this may apply to younger family members who are farming in an intergenerational group.

Assessment of significant capital

The assessment of significant capital does not require a defined proportion of capital for the qualification requirement to be satisfied. Rather, it is determined on a case-by-case basis. Assessment of significant capital contribution is in comparison to other capital and liabilities the farmer holds.

The capital contributed by the individual must also be significant to the farm enterprise. The assessment of capital examines only the applicant's contributions of capital to the farm enterprise and is not a comparison of the total contribution of capital where other individuals are also involved in the farm enterprise.

A contribution of capital by a person to a farm enterprise can take a number of forms, including:

- financial contribution of the person's capital
- assigning capital assets of the person to the farm enterprise
- making capital assets of the person available for use on the farm enterprise.

Legislative reference: section 8(b) of the FHS Act, section 6 of the *Farm Household Support Secretary's Rules 2024*.

Box 2 Examples of the significant capital scenarios

Example 1

A man is given a small share of approximately \$10,000 in the family's farm enterprise and holds \$250,000 in other property assets. He works full time on the family farm and receives approximately \$25,000 per year from the farm turnover for his labour. While he has a right or interest in the farm enterprise and contributes significant labour, this person does not qualify for FHA as he does not contribute significant capital to the farm enterprise as his investment of \$10,000 in comparison to his other capital assets of \$250,000 is not a significant capital contribution.

Example 2

A person has a share of a farm enterprise. Their capital contribution is a spray unit they brought into the enterprise at a value of \$25,000. The farm enterprise has \$4 million in assets and a turnover of over \$250,000. While the contribution of the equipment may be significant to the individual providing it, this amount of capital contribution is not material to the efficient and profitable operation of the enterprise.

Example 3

A farmer's son has been working on the farm since he was a teenager. He is paid a modest wage for his labour, which includes spraying, pruning and fruit picking. He does not have any capital to invest in the farm operations. The farmer is planning to eventually transfer the farm business to his son – this is written into his succession plan. The anticipated transfer of the farm business is not sufficient for the farmer's son to satisfy the 'significant capital' requirement, however, it may become so in the future when he takes over the farm.

2.3 Farm enterprise – assessment of significant commercial purpose or character

The farm enterprise to which a farmer contributes a significant part of their labour and capital must also have a significant commercial purpose or character. This requirement prevents non-commercial farmers from qualifying for payment. A non-commercial farmer runs a small-scale agricultural operation that typically has low inputs and outputs, and little prospect of attracting a sizeable enough amount of capital to substantially increase the scale. It may be maintained without a reasonable expectation of it being their primary source of income for the household. Funding shortfalls for the business and the household are likely to occur frequently, and require an injection of funds from an off-farm source. To determine which enterprises meet the significant commercial purpose or character requirement, the decision maker must take into account certain matters. Consideration is given to matters that examine the current operation of the farm enterprise, as well as the prospects for commercial operation of the farm enterprise over a reasonable period into the future.

2.3.1 Significant commercial purpose or character considerations

Section 7 of the *Farm Household Allowance Secretary's Rules 2024* (the Secretary's Rule) outlines matters which must be considered when determining whether a farm enterprise has a significant commercial character. Additionally, the decision maker may consider other factors. While none of these is determinative on their own, collectively a combination of these factors can demonstrate whether the farm enterprise is commercially sustainable in the long-term.

In accordance with the Secretary’s Rule, the following matters must be considered when determining if a farm enterprise has a significant commercial purpose or character:

- the way it is conducted—is it being conducted efficiently and profitably? If it is not, what steps are being or are to be taken to ensure that it is conducted efficiently and profitably
- the size and scale, including the level of production being achieved, and expected to be achieved, over a reasonable period
- revenue, including whether the revenue:
 - on average over the previous 3 years, is more than \$60,000 a year; or
 - expected to be generated over a reasonable future period is more than \$60,000 a year
- available markets for products—the commercial markets, and the potential commercial markets, for the agricultural, horticultural, pastoral, apicultural or aquacultural products of the farm enterprise and the extent to which they can be accessed
- the suitability of the land for the operation of the farm enterprise, having regard (among other things) to its agricultural, horticultural, pastoral, apicultural or aquacultural products
- financial arrangements—capital requirements and how they are being and are to be met, and operational and other costs (including debt servicing)
- matters that are reasonably likely to have an adverse effect on profitability and the steps that are being or are to be taken to manage them.

Similar to the considerations of the significant labour and capital requirements, the commercial purpose or character of the farm enterprise will be evaluated on a case-by-case basis. While required in all circumstances to be assessed, these matters are not exhaustive as these factors could be met by a business with low stock numbers or a low value of crop production. Accordingly, in assessing significant commercial purpose or character, the decision maker must take into account all matters that may be relevant in the circumstances.

Efficient and profitable operation

In assessing this criterion, the decision maker will consider the historical financial performance of the farm enterprise (generally, the 3 full financial years preceding the application for FHA). The assessment will examine the cash flow, the expenses and capital decisions of the farm enterprise and how these enable the farm enterprise achieve profitability on a significant scale.

Size and scale of the farm enterprise

In considering this criterion, decision-makers will examine the scale of the farm enterprise’ operations. This includes consideration of the acreage operated by the enterprise, the commodity and the relevant agricultural value indicators.

Agricultural value takes into account how the enterprise performs in comparison to the broader agricultural industry. For example, for some commodities, assessment of the agricultural value can be assisted by reference to the farm performance statistics published by the Australian Bureau of Agricultural and Resource Economics (ABARES).

When determining whether a farm enterprise has a commercial character, consideration will be given to whether the farm income and/or profit is within a 50% range of the average for the relevant commodity sector in the relevant year.

If a farm enterprise falls below this range, the decision-maker may consider whether at the time the person's eligibility for FHA is assessed, their results are out of character for their enterprise, or if there is some other reason why it would be acceptable for the turnover to be in the lower range but still be considered to have a significant commercial character.

Box 3 Examples of the size and scale considerations

Example 1

A beef farmer operates 250 hectares, with a maximum livestock carrying capacity of 300 head. Historically, he maintained between 200 and 230 head of cattle. Repeat flooding in the area resulted in destruction of his herd, with only 50 head remaining. The farmer is unable to restock and decided to rebuild his herd over the next 2 years to 150 head, with plans to return his operations to the pre-flood levels in the following 2-3 years, using the funds set aside in his Farm Management Deposit account.

While rebuilding his herd, the size and scale of the farm operations will be well below the average. However, the combination of the historical performance, the out of character events and the concrete plans to return farm performance to the previous levels could indicate that the size and the scale of the enterprise are at a commercial scale.

Example 2

A horticulturalist produces different varieties of salad leaves and herbs. She grows in a single greenhouse and sells direct to customers at the local farmers' market, and, on occasion, a restaurant in town. Due to the small size of her farm and limited resources, she is unable to expand her operation, which runs on a very small scale more akin to a large garden than an intensive agricultural operation. While in good season she is able to generate a small profit, the farm income is unreliable and is not sufficient to support the household, which is sustained by full-time work off-farm.

Example 3

A husband and wife are specialty herb growers. Additionally, they operate a dog boarding service on their farm. They supply a fragrance maker with fresh herbs and have limited online sales. In an average year they expect to sell \$25,000 worth of product. Their herb growing operation is labour intensive and cannot be easily mechanised. Their farm enterprise operates on a small scale and there is limited prospect for its expansion and growth to a commercial scale. They do not meet the significant commercial purpose or character requirement.

Revenue of the farm enterprise

Annual revenue is the total ordinary income that the farm enterprise business earns in the course of running the business. This may otherwise be referred to as gross income, net sales or cash receipts. It does not include money received as rebates, any other money paid to the business that was not derived from a product of the business, or the estimated value of livestock that are the product of natural increase. A farm enterprise with an annual turnover of less than \$60,000 is unlikely to be commercially significant. Anything below this level is unlikely to sustain an efficient and profitable farm enterprise, as no economies of scale and consistent return can be achieved.

In assessing the significant commercial purpose or character, the decision-maker will look at the 3 full financial years' information to obtain the average. If the farm enterprise has operated for less than 3 years, the financial information over a shorter prior period will be considered.

Only income generated by the farm enterprise will be considered. Income from other businesses or non-primary production activities, even if they are conducted on the farm or relate to agriculture, will not count towards the \$60,000 threshold (see note about Agistment income).

Where the drop in revenue in the previous 3 years is out of character (for example, due to a combination of prolonged drought, natural disaster recovery and the global economic conditions), these matters will be taken into account in the assessment. Likewise, consideration will be given to a reasonable prospect of a farm enterprise reaching this threshold within a reasonable period.

Agistment income

Some landowners offer their land to other farmers for agistment of their livestock. How income generated from agistment will be treated for FHA depends on whether the farmland is used solely or primarily to agist, or if it only forms a part of the agricultural business operations.

Where the farmland is used primarily or solely for agistment, the landowner is not considered to be involved in primary production as they merely allow others on their land without incurring input costs or carrying the risks associated with livestock farming. This arrangement is akin to rent.

Where agistment is only a part of the farm enterprise activities, for example, during the off season, or as a means to supplement the farm enterprise income, the agistment income can be treated as primary production income of a related business. This is consistent with the ATO's assessment of agistment income (for more information, see the [taxation ruling IT 225](#)).

Box 4: Annual turnover scenarios

Example 1

A sheep farmer offers bed and breakfast accommodation on the farm. Sheep sales generate on average \$45,000 per annum and the farm stay brings in about \$20,000. This farm enterprise will not meet the \$60,000 threshold as income generated by the farm stay is not included in the revenue of a farm enterprise and is not an agricultural, horticultural, pastoral, apicultural or aquacultural activity.

Example 2

An aspiring beef farmer does not own any livestock. To save funds for cattle purchase, he entered into an agistment contract with a major beef producer – this is the only income generated by his farm business. As agistment is the only activity of the farm business, it is not considered primary production income and will not be included in the assessment of the revenue of the farm enterprise.

Example 3

An olive grower owns an olive press and produces olive oil on the farm. The revenue from the olive oil sales will not be included in the consideration of the revenue of a farm enterprise, whereas sale of olives will.

Available markets for products

In assessing this criterion, the decision maker will have regard to the commodity/ies produced by the farm enterprise and the availability of commercial markets for the produce. This information will

likely be contained in the business plan and/or can be determined based on the historical performance of the farm enterprise.

Box 5: Example of available markets scenario

Example

An oyster farmer from Tasmania has a 3-year contract for supply of his produce to a major supermarket chain. He has recently obtained a new marine lease and secured an additional 12-months contract for supply of his premium oysters to a seafood wholesaler interstate. His farm enterprise has access to markets for his produce.

The suitability of the land

In considering this criterion, the decision maker will have regard to the commodity/ies produced by the farm enterprise and whether the farmland is suitable for this production. They will also consider whether there are any restrictions on the use of the land for the stated purpose.

Box 6: Example of suitability of the land

Example

A young farmer has recently purchased farmland in a coastal area. He is planning on establishing a horticultural operation. The farmer has sought advice from an agronomist and a soil consultant, which confirmed that the poor soil quality and partial irrigation on the farm will not produce the yields anticipated by the farmer. Both consultants concluded that the planned horticultural operations are not viable on the farmland and recommended significant revisions to the business plan. In this case, it is unlikely that the suitability of land criterion can be met.

Financial arrangements

The decision-maker will consider whether the farm enterprise has access to capital, including how it meets its day-to-day operational expenses. This includes whether the capital requirements can be met in the future, within a reasonable period.

For example, a farm enterprise which carries minimal debt may plan on leveraging its equity to inject funding into its operations, including diversification and value-add operations.

Profitability

Another important consideration is whether the farm enterprise is profitable. While there is not a pre-determined profit amount, a profitable farm enterprise is generally expected to generate income sufficient to cover its running costs, sustain the household and plan for a downturn or emergencies. The profit margins will vary, depending on commodities, external factors and individual circumstances. Where the enterprise is not able to achieve profitability at present, consideration will be given to the contributing factors (for example, natural disasters, prolonged drought or a combination of factors) and the steps taken to overcome these within a reasonable period.

Other considerations

In addition to the factors which must be considered under the Secretary's Rule, consideration may also be given to other matters, including whether the farm enterprise is compliant with the

legislative and regulatory requirements. The additional factors to consider will be determined on a case-by-case basis.

Reasonable period

In considering the significant commercial purpose or character requirement, recognition is given to the many volatilities faced by farming families. Some impacts can be overcome quickly, while others will take longer to recover. Therefore, 'reasonable period' is not defined in the legislation and will be determined on a case-by-case basis, having regard to the individual circumstances. However, it is generally expected that 'reasonable period' will rarely exceed 3 to 5 years, and in practice is more likely to cover 1 to 2 years.

Box 7: Example of reasonable period

Example

A man has lived on a farm his entire life. He was a beef farmer in his younger years but following the Millennium drought, he gave up the farm operations and has instead worked in town for 10 years. He used his farmland for agistment of other farmers' livestock and occasionally produced hay for sale. He planned on slowly buying into livestock again, however, did not want to accrue significant debt to pay for re-stocking. His business plan suggested that in the first year he would buy 5 young calves and mostly rely on natural increase from then on, to get to a herd size of 40 head in 5 years. After the initial 5 years, the man expects to start receiving small profits from occasional sale of new calves. However, the profits will not become sufficient to sustain both the farm operations and meet the household needs for at least another 7 years. This example does not demonstrate achieving profitable operation within a reasonable period.

Legislative reference: section 8(c) of the FHS Act and section 7 of the *Farm Household Support Secretary's Rules 2024*.

3 Overview of qualification criteria as a partner

An individual who is not a farmer in their own right but is the partner of a farmer, may qualify for FHA. Where both members of a couple are farmers, they may both qualify under the farmer criteria. A person's qualification for FHA as a farmer should be assessed prior to assessing their qualification as a partner of a farmer. This is because a person cannot qualify for FHA as a farmer's partner if they qualify as a farmer under section 8 of the FHS Act. This also means that as a farmer's partner, their FIA is likely to centre on off farm goals and activities.

A person may qualify for FHA as the partner of a farmer even if the farmer is not receiving or does not qualify for FHA under section 8 of the FHS Act. However, their partner (the farmer) must meet the [definition of a farmer](#) in sections 8 (a), (b), and (e) of the FHS Act, and the farm enterprise must meet the criteria set out in sections 8 (c) and (d), as further explained in the Definitions in section 5, and satisfy relevant qualification criteria set out under section 9 of the FHS Act.

3.1 Qualification criteria

To qualify for payment as a farmer's partner a person must meet each of these criteria:

- the person is not qualified for FHA under section 8
- the person is a member of a couple
- the person's partner is a farmer, and
 - the farmer contributes a significant part of his or her labour and capital to a farm enterprise
 - the farm enterprise has a significant commercial purpose or character
 - the land that is used for the purposes of the farm enterprise is in Australia
 - the farmer resides in Australia
- the person is an Australian resident, and is in Australia, and
- either:
 - the person has indicated, in writing, that the person is willing to enter into, and comply with, an FIA, or
 - an FIA is in force in relation to the person, and
- the person meets the 4 years or less requirement.

If the person or the person's partner ceases to meet one or more of the requirements set out in section 9 of the FHS Act, at that point in time the person ceases to qualify for FHA as a 'partner of a farmer' under section 9 of the FHS Act. This includes, subject to any [Grace periods](#), if the person ceases to be a member of a couple, or if the person's partner ceases to:

- meet the definition of farmer (including because they have died)
- contribute a significant part of their labour and capital to a farm enterprise, or
- reside in Australia.

3.2 Definition of ‘member of a couple’ and ‘partner’

To satisfy the qualification requirements in paragraphs 9(b) and (c) of the FHS Act, a person must be a member of a couple, and their partner – the other member of the couple – must be a farmer, as defined in section 5 of the FHS Act.

A person is a member of couple if they are legally married to, in a registered relationship with, or in a de facto relationship with another person, whether of the same sex or a different sex; and they are not living separately and apart from the other person on a permanent or indefinite basis. In determining whether a person is a member of a couple, consideration must be given to the financial aspects of the relationship, the nature of the household, the social aspects of the relationship, any sexual relationship between the people, and the nature of their commitment to each other.

A partner in relation to an individual who is a member of a couple is the other member of the couple.

This excludes former partners from whom they have separated, whether they were legally married or otherwise.

Legislative reference: section 9 of the FHS Act and sections 4 and 24 of the SS Act.

3.3 Grace periods

There are several grace periods that apply when an individual’s partner ceases to be a farmer, or the individual ceases to be the partner of a farmer. Grace periods provide the individual with time to test their eligibility for other social security payments without being cut off from income support.

Prior to the application of a grace period, the individual should first be assessed to determine if they now qualify as a farmer under section 8 of the FHS Act.

3.3.1 Gaol or psychiatric confinement

Where an individual was qualified to receive FHA as the partner of a farmer, and their partner is subject to either imprisonment or psychiatric confinement (and would therefore fail to be contributing a significant part of his or her labour or capital to the farm enterprise), the individual will continue to qualify to receive the payment for a further 14 weeks. The period commences from the date that the individual would have ceased to qualify for FHA due to the imprisonment or committal to psychiatric confinement.

At the end of this grace period, if their partner is still subject to imprisonment or psychiatric confinement, the individual will no longer qualify for payment as a partner of a farmer.

The grace period provides the individual with time to test their eligibility for other social security payments without being cut off from income support. This grace period would also allow time to place the farm on the market if that is considered the best way forward. In turn, putting the farm on the market may allow the individual to qualify for either JobSeeker Payment or the Age Pension under asset hardship provisions (if the asset value was too high for the usual limits).

Legislative reference: section 10 of the FHS Act.

3.3.2 End of relationship

Where an individual is qualified to receive FHA as the partner of a farmer, and the individual ceases to be a member of a couple with the farmer (including due to the death of the farmer), the individual will continue to qualify to receive the payment for a further 14 weeks. The period of 14 weeks commences from the date the relationship ended.

This grace period applies in situations where the relationship ends due to:

- a break up, or
- the death of the farmer.

Prior to the application of this grace period, the individual should first be assessed to determine if they now qualify as a farmer under section 8 of the FHS Act.

The clause regarding the break-up of a relationship will allow FHA recipients who left the relationship due to domestic violence to apply for the [Crisis Payment](#).

By extending a 14-week grace period in cases where the farmer has died, the surviving partner will be able to receive the lump sum [Bereavement Payment](#). The grace period also provides time to test their eligibility for other social security payments or to place the farm on the market, as per the details in [3.3 Grace period – gaol or psychiatric confinement](#).

Legislative reference: sections 10 and 96 of the FHS Act.

4 Entering into a financial improvement agreement

An FIA is a planning tool for farmers and their partners to work towards improving their capacity for self-reliance and long-term financial security. It is negotiated between the recipient and their FICO.

The aim of the FIA is to clearly identify and plan a pathway to increased financial security. It is integral to the aims of the program as the agreed objectives are designed to develop the recipient's skills and provide the advice necessary to improve their capacity for long term financial self-reliance. Consideration should be given to increased income from both on and off farm sources. In many smaller scale operations, a reliable off farm income stream may be integral to the viability of the enterprise as economies of scale are limited.

Where the partner of the farmer has little or no involvement in the farming enterprise, the FIA should be structured around their own skills and aspirations.

Further details about the components and requirements of FIAs are outlined in [Financial improvement agreements](#).

Applicants for FHA must be willing to enter into and comply with an FIA – it is a qualification for payment. They indicate this in writing during the application process. A person cannot be paid FHA if they either:

- indicate they are not willing to enter into an agreement, or
- refuse to enter into an FIA.

The FHA recipient must enter into an FIA within 28 days of notification that they are required to do so, however an extension of up to a further 28 days may be granted. Where an individual has not entered into an FIA by the due date, the Secretary may determine that they have committed a qualification failure, which means FHA ceases to be payable. If a person does not enter into an FIA within 13 weeks they will no longer qualify for FHA.

Legislative reference: sections 8, 9, 14 and 71 of the FHS Act.

5 Cumulative eligibility

5.1 Time on payment

Individuals can receive FHA for a cumulative period of up to 4 years (counted as 1,460 days) within a 10-year period. There is no limitation on the timeframe within that 10-year period over which an individual can be paid and the period(s) of support do not need to be consecutive.

It is important to note that each 10-year period is fixed in the FHS Act. The first 10-year period ran from 1 July 2014 to 30 June 2024. The second period is from 1 July 2024 to 30 June 2034 and so on.

Box 8: Time on payment scenario

Example:

A person first claimed FHA in 2022 (8 years into the first 10-year period) and therefore cannot to be paid 4 years within that 10-year period. However, if they maintain their eligibility, they can remain on payment in the second 10-year period and will not experience any break in their payment.

As the 4-year entitlement reset from 1 July 2024, the person will only be able to use a total of 1,460 days for the new specified 10-year period commencing 1 July 2024. Any unused days from the first 10-year period cannot be added to the 1,460 days in the new period.

A person's cumulative period of FHA is the total number of days for which a person qualified for FHA and FHA is payable to a person, within the specified 10-year period. This includes non-consecutive days and days when the person qualifies as either a farmer or a partner of a farmer. When a person's allowance rate for a day is nil, the day does not count towards their 4 cumulative years of FHA.

The only exception is if a person's allowance rate has been reduced to nil on a day only because they had been paid an advance of the pharmaceutical allowance. In this case, FHA is still payable and this day counts towards their 4 cumulative years of FHA.

[Waiting periods](#) served by an individual are not counted for the purpose of calculating their 4 years of entitlement.

Legislative reference: section 6 of the FHS Act.

5.2 Debt

If a debt is raised for a day and a notice is given that it must be repaid, this action results in FHA not being payable to a person on a day. As a result this day does not count towards the person's cumulative period of FHA. This means that once the debt is raised and notified to the person, the number of days is re credited. The person can use these days at any time in the same 10-year period.

Legislative reference: sections 6, 8(h), 9(j) and 37 of the FHS Act.

6 Residence requirements

It is a qualification requirement for FHA that an individual must be an Australian resident and be in Australia. To be an Australian resident, an individual must:

- reside in Australia, and be
 - an Australian citizen, or
 - the holder of a permanent visa, or
 - a Special Category Visa (SCV) holder who is a protected SCV holder.

Since 1 July 2016, under the federal normalisation reforms, eligibility for FHA has been extended to residents of Norfolk Island as an Australian territory.

Legislative reference: sections 8(f) and 9(h) of the FHS Act and section 7(2) of the SS Act.

For general information on residency refer to the [Social Security Guide](#).

7 Waiting periods

Individuals qualifying for FHA are subject to waiting periods under the FHS Act. FHA is not payable until all the relevant waiting periods have ended. Waiting periods served by an individual are not counted for the purpose of calculating their 4-year cumulative period of FHA. Circumstances where a waiting period applies are explored in further detail throughout this section.

On 5 April 2017 changes to the FHS Act has removed the requirement for new recipients to serve an Ordinary Waiting Period and the Liquid Assets Waiting Period. The Newly Arrived Resident's Waiting Period remains in effect.

If more than one waiting period applies to a recipient, FHA is not payable until all the waiting periods have ended. In these cases, the waiting periods are served concurrently, and the end date is the day on which the longest period ends.

Legislative reference: Sections 39, 42, 43 of the FHS Act.

For general information on the application of waiting periods refer to the [Social Security Guide](#).

Exemption from waiting periods

Recipients can be exempted from some waiting periods in specified circumstances.

For information on the exemption from waiting periods refer to the [Social Security Guide](#).

7.1 Newly arrived resident's waiting period

Most migrants do not have immediate access to social security payments when they first arrive in Australia and must serve a newly arrived resident's waiting period (NARWP). This precludes newly arrived residents from receiving the payment for a period of 208 weeks, subject to certain exceptions. An individual must be an Australian resident and in Australia for the whole duration of the NARWP.

The start date of the waiting period is not linked to the application for FHA. The person may self-serve part of or all of the period. A NARWP generally commences on the latest of:

- the date the person arrived in Australia, or
- the date the person was granted permanent residence.

Generally, the NARWP related to FHA ends when a person has been an Australian resident and in Australia for the relevant number of weeks. Previous periods of Australian residence can count towards the NARWP.

Legislative reference: sections 42 and 43 of the FHS Act.

For further information on the NARWP refer to the [Social Security Guide](#).

7.2 Seasonal work preclusion period

FHA is subject to a seasonal work preclusion period (SWPP). A SWPP is the period during which a seasonal/intermittent worker is not eligible to receive a social security payment. The SWPP applies to a recipient if they or their partner have been engaged in seasonal work in the 6 months prior to claiming FHA. Seasonal work means work that, because of its nature or the industry, is performed for only part of the year at approximately the same time or times every year. It also includes certain other kinds of intermittent work, such as short-term contract work.

Under the SWPP rules, a person is precluded from receiving a payment for the period it would take an average wage earner to earn the same amount of income. This rule applies to:

- single people whose earnings from seasonal work exceeded the average weekly ordinary time earnings (AWOTE)
- couples whose combined earnings were more than twice the AWOTE.

The purpose of the SWPP is to ensure that these workers, who have generated a very high income, use this before accessing social security payment during the ‘off season’.

Is farm work seasonal work?

Work on the farm enterprise in which a person has a right or interest would not normally be seasonal work, although this will depend on the circumstances. However, work that is undertaken on an unrelated farm enterprise may be considered seasonal work, if it satisfies the definition of seasonal work under the section 16A of the SS Act.

Legislative reference: section 48 of the FHS Act, section 16A of the SS Act.

For general information on the application of an SWPP refer to the [Social Security Guide](#).

7.3 Income maintenance period

As with other social security payments, applicants for FHA may be subject to an income maintenance period (IMP). During these periods, the applicant may not be able to receive an income support payment. The IMP applies when a person has received a termination and/or a leave payment from an employer. These amounts are treated as ordinary income. An IMP applies where an individual:

- is in continuing employment but is on leave and is entitled to receive a leave payment
- has had their employment terminated and receives a termination payment.

For general information on the application of an IMP refer to the [Social Security Guide](#).

8 Multiple entitlement exclusion

A person cannot receive FHA when they are already receiving a social security pension, a service pension, or an income support supplement, or if any of these become payable to the person. The multiple entitlement exclusion means the person must choose one payment.

A person should always be paid the most appropriate payment for their circumstances.

To maintain consistency with other social security payments made under other Acts, there are 2 exceptions to the multiple entitlement exclusion for FHA. The first applies to a woman who has been receiving a pension under the *Veterans' Entitlements Act 1986* continuously since before 1 November 1986 and was also receiving a social security benefit before that date. The second applies to a person who has made an application for a payment under the ABSTUDY scheme in certain circumstances.

From time-to-time people already receiving a payment such as Age Pension may enquire about surrendering their pension in favour of claiming FHA. These enquiries are best directed to Services Australia, particularly a Financial Information Services Officer. There are several factors the person needs to weigh before making the decision. For example, pensions are paid at a higher fortnightly rate, have a different income test, and do not have any activity requirements. In addition, a Pension Concession Card frequently enables the holder to access a range of concessions from utility and other providers not available to Health Care Card holders (which includes most FHA recipients).

Legislative reference: section 38 of the FHS Act.

9 FHA pay rates

The rate of payment of FHA is determined by an income test using JobSeeker Payment and Youth Allowance rate calculators in the SS Act as applied and notionally modified by the FHS Act 2014 (see Table 1 FHA Payment rates).

The final payment received will depend on a recipient’s circumstances. The general method for calculation is set out in Box 9. Box 10 outlines the categories for family situations which effect payment rate.

The amount to pay is assessed every time payment is due to be released using the relevant rate calculator. From 11 June 2020, the rate of FHA is not tapered. This means that if any FHA is payable after the Income test is applied, then the maximum rate will be paid. Income will still be assessed and those over the threshold will not be paid , those under the income threshold will automatically receive the maximum amount of payment . See [Income test](#) for information on how income from different sources is treated.

It is crucial for recipients to keep Services Australia updated about their circumstances. It is also useful for recipients to keep a record of what they have declared, including the date, to be better prepared when amending the previous declaration.

Table 1 FHA Payment rates

Person who...	FHA rate equivalent to...	Calculated using
Has not turned 22	Youth Allowance	Youth Allowance Rate Calculator
Has turned 22	JobSeeker Payment	Benefit Rate Calculator B

Pay rates are indexed twice a year on 20 March and 20 September (for JobSeeker Payment equivalent payments) and annually on 1 January (for Youth Allowance equivalent payments).

Box 9: Steps in rate calculation

(1) The usual steps in the rate calculation process are:

- (a) start with a maximum basic rate
- (b) add any additional amounts that are subject to income or assets testing
- (c) apply the income and assets tests
- (d) add any additional amounts that are not subject to income or assets testing.

(2) The overall rate calculation process is usually described in an early Module of the relevant Rate Calculator.

Source: section 1062 of the SS Act.

Box 10 Rate calculation – standard categories of family situations

(1) The Rate Calculators use these standard categories of family situations:

- not member of a couple
- member of a couple (or partnered)
- partnered (partner getting neither pension nor benefit)
- partnered (partner getting pension or benefit)
- partnered (partner getting pension)
- partnered (partner getting benefit)
- partnered (partner in gaol).

Note: See section 4 of the SS Act for definitions of those terms.

(2) If it is necessary to distinguish between the members of sub-categories of these standard categories further words of description are added to the standard category label.

Source: section 1063 of the SS Act.

For more information, see sections 56 and 61 of the FHS Act and Youth Allowance Rate Calculator and Benefit Rate Calculator B in the SS Act.

For more information refer to the Social Security Guide sections relating to [Jobseeker Payment & Youth Allowance rates](#) and [Benefit income test & limits](#).

10 Ancillary benefits

In addition to the fortnightly payment, FHA recipients may be entitled to a range of ancillary benefits.

10.1 Energy supplement

Recipients of FHA who are over the age of 22 are automatically entitled to the energy supplement, paid at the same rate as if they were eligible for JobSeeker Payment. The rate of this supplement is not affected by an individual reaching pension age.

Legislative reference: sections 58 and 62 of the FHS Act.

For information on the payability of the Energy Supplement refer to the [Social Security Guide](#).

10.2 Rent assistance

Rent assistance (RA) is a supplementary payment added on to the FHA for recipients in the private rental market, in recognition of the housing costs they face.

FHA recipients may be entitled to RA if they pay, or are liable to pay, rent (other than Government rent) above the specified rent threshold in respect of a premises in Australia. The exceptions are:

- an ineligible homeowner
- an aged care resident or a person who is taken to be an aged care resident for the purposes of the relevant Rate Calculator.

The person must also satisfy the specific RA requirements that apply for Youth Allowance or JobSeeker Payment, depending on whether they have turned 22.

For more information, see Chapter 3, Part 3.7, Division 2 of the SS Act and the [Social Security Guide](#).

10.3 Pharmaceutical allowance

The pharmaceutical allowance (PhA) helps with the cost of buying prescription medicines under the Pharmaceutical Benefits Scheme.

To qualify for PhA, an FHA recipient must:

- have been granted an incapacity exemption from the activity test, or
- be single and the main carer of a dependent child.

Legislative reference: sections 59 and 63 of the FHS Act.

For general information on PhA refer to the [Social Security Guide](#).

10.4 Telephone allowance

Telephone allowance (TAL) is a supplementary allowance intended to assist certain FHA recipients who are telephone subscribers, with the cost of maintaining a telephone service and a home internet connection.

A telephone subscriber is an individual who has a telephone line or mobile phone service connected in either their own name, or their partner's.

TAL is a quarterly payment that is paid into a recipient's bank account on or after the TAL test days of 1 January, 20 March, 1 July and 20 September each year.

To qualify for TAL, an FHA recipient must:

- be over 55 and have been receiving payment continuously for at least 9 months, or
- be single and the main carer of a dependent child, or
- be the main carer of a dependent child and have a partner who is over 55 and have been receiving payment continuously for at least 9 months.

TAL is paid at the rate outlined in the [guide to Australian Government payments](#). However, recipients of FHA who qualify for TAL may also qualify for the increased rate of TAL.

For general information on TAL refer to the [Social Security Guide](#).

10.5 Remote area allowance

Recipients of FHA may qualify for the remote area allowance (RAA), which helps to meet additional costs associated with residents in remote areas. It recognises that many income support recipients who do not pay tax, or pay very little tax, do not receive the full benefit of tax zone rebates. RAA contributes towards some of the higher costs associated with living in particularly remote areas.

To qualify for RAA an individual must:

- be receiving FHA, and
- be physically present in a remote area, and
- have their usual place of residence situated in a remote area.

For general information on RAA refer to the [Social Security Guide](#).

10.6 Bereavement payment

Bereavement payments are made as a temporary continuation of a deceased person's payment.

Where the individual who has died would have reached the cumulative maximum period of FHA, this does not affect the amount of bereavement payment that is payable to their partner or dependent child. If the person receiving the bereavement payment reaches the cumulative maximum period of FHA during the period of time calculated in the bereavement payment, this also does not affect the amount of bereavement payment that is payable to the partner or dependent child.

In the event of the death of a farmer, the partner will continue to qualify for FHA for a period of 14 weeks, consistent with the [Grace period](#) provisions.

Legislative reference: section 96 of the FHS Act.

For general information on bereavement payments refer to the [Social Security Guide](#).

10.7 Health care card

The main purpose of the health care card (HCC) is to assist benefit recipients with certain health care costs, by allowing access to specific services at a concessional rate.

The HCC is issued automatically to people who receive FHA. The HCC is only valid for the duration of time that a recipient is receiving FHA and is cancelled upon cancellation of an individual's FHA payment. The HCC is also valid whilst an applicant is receiving a nil rate of payment, including during the [Employment Income Nil Rate Period](#).

For general information on the HCC refer to the [Social Security Guide](#).

11 Employment income nil rate period

Recipients of FHA who are receiving a nil rate of payment because of ordinary income, made up entirely or partly of employment income may qualify for an Employment Income Nil Rate Period.

In practice this means that FHA is not cancelled, and their status remains as 'current'. Prior to 1 July 2024, the individual could have income exceeding the applicable limit for 6 consecutive fortnights before their payment is cancelled. From 1 July 2024, this period extended to 12 consecutive fortnights.

During the Employment Income Nil rate period an FHA recipient can:

- be paid certain supplementary benefits, and
- retain their HCC or Pension Concession Card, and
- have their payment automatically resumed if they report a fall in income sufficient for JobSeeker Payment to be payable again.

This policy provides incentives for recipients to take up work, particularly substantial part-time work, or irregular casual work by removing any administrative barriers to having to reapply for payment.

For general information on Employment Income Nil Rate Periods refer to the [Social Security Guide](#).

12 Payment delivery

FHA is paid fortnightly in arrears. The payment is normally paid to recipients' accounts one working day after the end of their last entitlement period.

Box 11 Example of payment delivery

If a person is granted FHA on 10 May 2024 their entitlement period ends on 23 May 2024. Providing that nothing prevents payment (such as a change in eligibility, or excess income) the fortnightly amount is released overnight on the 23rd of May into the person's nominated account. Entitlement periods that end on a Friday are usually not available until Monday (depending on the person's financial institution).

For general information on payment delivery refer to the [Social Security Guide](#).

13 Advance payments

Once in any 12-month period, a person may apply for an advance of their FHA, to a limit of between \$250 and \$500. The primary objective of advance payments is to make payments more flexible to the needs of recipients. An advance is not an additional payment. It is a lump sum payment of a projected social security entitlement.

When a recipient qualifies for an advance, it is important they clearly understand their obligations and the consequences of receiving an advance. In particular, they need to understand that:

- their fortnightly entitlement will be reduced to recover the advance during a repayment period of 13 fortnights, and
- the rate of repayment cannot be reduced unless the recipient experiences a special and unusual change in circumstances.

Recipients are given the opportunity to withdraw their application if they are not confident of meeting these obligations.

Recipients also have the option of repaying the outstanding amount sooner. Further details are available from [Services Australia](#).

13.1 Qualification criteria

To qualify for an advance, an applicant must:

- have received a social security entitlement and/or FHA for the 3 months immediately before applying for an advance. This may include periods covered by the notional continuous period of receipt rules (for example, a recipient may have been receiving Youth Allowance for 2 months and JobSeeker Payment for 1 month)
- apply to Services Australia
- be in Australia when the application is lodged
- request, and be entitled to be paid an amount between \$250 and \$500 in advance
- not have received an advance in the last 12 months
- not owe any money to the Commonwealth that is being recovered, or may be recovered, by repayments from their FHA payment
- not be currently repaying a previous advance, (excluding a Family Tax Benefit, PhA or Mobility allowance advance)
- be able to repay the advance without suffering financial hardship.

For general information on advance payments refer to the [Social Security Guide](#).

13.2 Hardship advance payment

A hardship advance payment is an amount of a claimant's first instalment of FHA, or the first instalment immediately following resumption of payment, to assist people in severe financial

hardship. The eligibility for a hardship advance is consistent with mainstream social security payments.

For general information on the hardship advance payment refer to the [Social Security Guide](#).

14 Income test

To determine if FHA is payable an income test is applied. The FHA income test is linked to the income test for benefits and allowances under the SS Act. The income test is first applied to determine qualification and then ongoing to determine payability in an entitlement period. Under the FHA legislation the overall operating losses can be [offset](#) against a person's [ordinary income](#).

Income is assessed and those over the threshold will not receive payment (which is the same as all other social security benefits). However, for FHA those under the threshold will automatically receive the maximum rate of payment (rather than a reduced tapered rate).

The social security system does not use a direct deduction income test (sometimes called a 'dollar for dollar' test), except for Special Benefit. All other payments, including FHA, have an 'income free area' where income below the limit has no effect on payment. It is akin to the tax-free threshold in the taxation system.

Box 12 Example of application of the income test

An FHA recipient has a casual job and earns \$1,100 gross in a fortnight and this is the only income to be considered as the farm is breaking even. The person is over 22 years of age, has a partner and does not pay rent. The income-limit is \$1,368 per person. As the recipient's income is less than the income threshold, they will be entitled to the maximum rate of payment.

Their typical maximum fortnightly rate of payment is \$720.20 (as at 20 September 2024).

The income thresholds change depending on the maximum rate that is payable and if some ancillary allowances are also paid. A supplement such as [Rent Assistance](#) is added to the maximum basic rate before the income test is applied and will therefore increase the amount of income a person can earn before losing entitlement.

For general information on income testing refer to the [Social Security Guide](#) and the [Guide to Australian Government Payments](#).

14.1 Ordinary income

To calculate a person's qualification and entitlement their income from all sources is added together. Generally, the most significant source will be ordinary income. This means income that is not maintenance income or an exempt lump sum. The definition of ordinary income is in section 8(1) of the SS Act.

The definition of ordinary income is **NOT** the same as the ATO definition of income for tax purposes and is far wider than the definition of taxable income. Ordinary income includes (but is not limited to) income from:

- employment
- real estate and businesses including farms
- non-financial investments

- certain remunerative lump sums
- deemed income (interest from investments)
- boarders and lodgers
- superannuation
- Department of Veterans' Affairs payments
- overseas pensions, and
- income streams from purchased products.

Ordinary income is gross income, without any reduction, other than a deduction from business income under SS Act Division 1A of Part 3.10 of Chapter 3. For more information refer to the Social Security Guide sections relating to [ordinary income](#) and [assessing income and assets of various business structures](#).

FHA allows [offsetting a person's ordinary income](#) by the amount of operating loss of the farm enterprise and any related business. This setting recognises that many farmers rely on other business structures to value-add and diversify their farm operations and that those experiencing financial hardship often rely on [off-farm income](#) to support the farm enterprise rather than using that income for self-support.

14.1.1 Off farm income

Off farm income is any income not earned from the farm business. For example:

- off farm employment, rental income, profit from an unrelated business, or dividends from shares and investments
- income that you earn through another business you own, that is not the farm enterprise or a related business, is declared as profit – the same as farm income
- income that you earn as an employee is declared as gross income (before tax).

One exception is income from compensation payments, because it is not considered income for the purpose of social security law.

14.1.2 Exempt lump sums

In some cases, an income amount may be exempt from assessment. These amounts are unlikely to be received again and cannot reasonably be expected to be received or anticipated. They do not represent the receipt of money for services rendered directly or indirectly. Examples are one off gifts, or lump sum lottery wins.

There are other amounts which are exempt and are listed in legislation or determined by the Minister or the Secretary. More information about lump sums is available on the [Services Australia website](#).

Of particular interest in rural areas is [Exempt Lump Sums – Emergency Relief](#).

The value of emergency relief or like assistance is exempt as income. However, depending on how the money is used, it may be counted under the assets test and, if invested, may be deemed to earn income under the income test. Examples are:

- government assistance to victims of bushfires
- drought financial assistance, and
- flood financial assistance.

Payments from trust funds that pay out assistance to people suffering losses from natural disasters are one time relief payments and are not regarded as income for social security purposes.

For more information on exempt lump sums see the [Social Security Guide](#).

Legislative reference: section 8(11) of the SS Act, *Social Security (Exempt Lump Sum – General) (Agriculture) Determination 2020*

14.2 Deductions from income

Knowing how a person’s income is treated once it is declared to Services Australia can help a person manage those declarations.

As explained in [FHA pay rates](#), income from different sources can affect payment over periods that are longer than the fortnight in which they were declared. Table 2 explains how different sources of income are deducted and when this occurs.

Table 2 Sources of income and period of effect

Source of income	Deductions from gross	Timing
Employment	No deductions – declare the gross amount (before tax)	Declare each fortnight (but talk to Services Australia if the hours and pay rate never vary)
Interest and other deemed income	No deductions	Automatically applied by Services Australia
Distribution from a private trust to a beneficiary	Completed by the trustee (controller) before a distribution is made – no further deductions for the beneficiary	Usually annually from the tax returns, but at any other time there is a distribution
Distribution from a private company	Completed by the company (director) before a distribution is made – no further deductions for the stakeholder	Usually annually from the tax returns, but at any other time there is a distribution
Business (sole trader or partnership)	Income from a sole trader or partnership business is the net amount: <ul style="list-style-type: none"> • AFTER allowable expenses for the cost of running the business, AND • BEFORE income tax and other personal deductions. 	At least annually: <ul style="list-style-type: none"> • If the latest tax return is a reasonable indication of current income; or • Using an estimate (likely using a profit and loss statement). <p>In most circumstances, this should be reassessed every 3 months until an income tax return is available which is representative of the person's current financial circumstances.</p>

Box 13 Example of income estimate

Roger has completed a profit and loss statement for the running of his business. It shows he has current business income (profit) of \$13,000. Roger declares the income to Services Australia on 1 September 2024. The \$13,000 is equally spread across each fortnight for the next 12 months – that means \$500 is included as income each fortnight. It is important to note that this income is NOT quarantined to the financial year.

On 22 January 2025 Roger advises Services Australia that his farm has been affected by a natural disaster and his updated profit and loss shows he no longer has \$13,000 income – it is zero. From this date Roger will be assessed using an income estimate of zero, not the \$500 fortnightly income.

However, as Roger's income was already below the threshold explained in Box 12, it has no effect on his rate of fortnightly payment. It is important that Roger keeps his record updated, even when it does not produce a change of payment.

15 Deemed income from financial assets

Social security law uses deeming rules to assess income from financial investments. Deeming assumes that financial investments are earning a certain rate of income regardless of the amount of income they are actually earning in a particular financial institution.

The deeming rates reflect the returns available in the market to recipients for a range of financial investments. By treating all financial investments the same, the deeming rules encourage people to choose investments on their merit rather than on the effect the investment income may have on the person's entitlement.

To calculate the income assessed, deeming rates are applied to the total market value of an income support recipient's financial investments. The actual returns from the income support recipient's investments, whether in the form of capital growth, dividends or interest, are not used for income assessment, even if the investment returns are above the deeming rates.

Generally, under social security law, a loan from a trust beneficiary to the trustee of that trust, or from a shareholder of a privately controlled company to that company, is treated as a financial asset of the lender and, therefore, subject to deeming.

However, for FHA, a loan is taken not to be a financial asset of a person if:

- the person makes the loan to the trustee of a trust of which they are a beneficiary or to a company of which they are a shareholder, and
- the loan relates to a farm asset held by the trustee or the company, and
- the outstanding amount of the principal of the loan exceeds the total value of all financial investments held by the trustee or the company (that is, the financial investments held by the entity are not sufficient to repay the loan).

This exception is only applied in prescribed circumstances.

This is because these loans often provide the capital injection necessary for a trust or privately controlled company to purchase a farm or farm assets. These assets are generally illiquid in nature and may not generate an actual income that is available to the individual for self-support. The loan amount is still assessed as an asset for the lender, but it counts as a farm asset.

The effect of this is that the loan, to the extent that it meets the criteria, is not subject to deeming. Therefore, it does not impact on the rate of FHA.

Legislative reference: section 66 of the FHS Act, and Chapter 3, Part 3.10, Division 1B of the SS Act.

For general information on deeming, refer to the [Social Security Guide](#).

16 Assessment of business income

Business income is the profit of the business and has these concepts:

- cash receipts refers to gross income, or revenue, generated by the business
- other income (such as rebates or other revenue paid to the business, but not in return for goods produced by the business)
- allowable deductions, or outgoings, are subtracted from the total income (cash receipts plus other income)
- non-allowable deductions are not subtracted from the total income (and if they are mistakenly applied will be added back to the cash receipts)
- business income is total income minus allowable deductions.

This concept is the same as calculating adjusted taxable income (that is gross income, minus deductions) in the taxation system.

Unlike income from employment, business income can fluctuate from one year to the next. The latest income tax return may not be a good indicator of current income. It can also be difficult to predict due to factors such as commodity prices and seasonal conditions. For example, if the previous financial year was above average the business income would be high but that may not reflect the money available a year later to support the household.

FHA recipients must advise Services Australia within 14 days of any change in circumstances that impacts the estimated business income to ensure they remain qualified for payment.

Business income estimates

Individuals claiming FHA are required to provide an estimate of their business income for the current financial year. Business income means ordinary income of the person in the form of profits from a business carried on by the person. To be accepted, the estimate must be considered reasonable by the decision-maker. The [Profit and Loss Statement form](#) available from Services Australia provides a useful format for providing this estimate.

Estimated business income is calculated by adding the estimated taxable business income with any re-credited or non-allowable business deductions.

Re-credited (non-allowable) business deductions include:

- carried forward losses
- capital expenditure
- investments in farm management deposits
- superannuation contributions for the sole trader/partner
- obsolescence
- donations to charities.

Legislative reference: section 67 of the FHS Act, the *Farm Household Support Minister's Rules 2024* and section 1075 of the SS Act.

16.1.1 Revision of estimates

Generally, if the individual provides a total estimate and the calculations are correct, then the estimate of business income would be considered reasonable. However, the individual must agree to make any alteration to the estimate if errors or omissions are identified. The estimate must consider the individual's financial circumstances for the income year to date, together with any anticipated variations to their income for the remainder of the financial year.

An individual may provide a revised estimate of their business income at any time during the financial year. The revised estimate must reflect their expected net farm enterprise income for each farm enterprise for the whole of the current financial year.

If an individual wishes to provide a lower estimate, they may be required to give a reason for the change. Likely reasons for a revised estimate include, but are not limited to:

- disease or pest outbreak
- change in commodity prices
- change in climatic conditions
- a restructure of the business.

If the new estimate is considered reasonable, it is used to determine an individual's qualification for the remainder of the financial year. Where the estimate of business income and other ordinary income exceeds the income test threshold for FHA, the individual's payments will be cancelled.

16.2 Allowable deductions from business income

Consistent with social security law, business income deductions will apply to each of an FHA recipient's businesses. Deductions against the cash receipts of the business that are related to the running of:

- the farm – reduce the farm enterprise income
- a related business (e.g. agistment, agritourism) – reduce the income of that business
- an unrelated business (e.g. retail) – reduces the income of that business only.

Box 14 Example of business deductions

The farm enterprise has cash receipts of \$150,000 and deductions of \$139,000. The farm business income is \$11,000. However, Services Australia discovers that \$5,000 capital expenditure had been included in the deductions. As this is not an allowable deduction, it is added back in. The farm enterprise income is \$16,000.

For general information about [deductions](#) or [business deductions and losses](#) refer to the Social Security Guide.

16.2.1 Related businesses

A business is related to a farm enterprise if there is a sufficient commercial relationship between the enterprise and the business. The following criteria must be met for the business to be related:

- The business is carried on principally for the purpose of providing goods or services within any of the agricultural, horticultural, pastoral, apicultural or aquacultural industries, and
- The farmer who carries on the farm enterprise, or their partner, is also effectively in control of the business, and
- Any of the following applies:
 - the business provides goods or services to the farm enterprise, or vice versa,
 - the business uses farm assets of the farm enterprise in the conduct of the business,
 - the business acquires products of the farm enterprise for sale, use in manufacture, distribution or processing or vice versa.

A person is effectively in control of a business if they (whether alone or together with someone else) are able to make decisions about the financial and operating policies of the business.

Box 15 Examples for related businesses

Related business

Example 1

The farm enterprise operates on a property and a spare paddock is leased out to another person/farm enterprise to agist sheep. The agistment business is a related business of the farm enterprise.

Example 2

The farm enterprise grows fruit, along with other produce which is sold to the public. Some of the harvested fruit is not sold but is processed into organic juice, marmalade and other products and sold through a separate business operated by the farmer and his wife. The fruit processing business is related to the farm enterprise.

Example 3

The farm enterprise owns a combine harvester that is also used by the farmer to undertake contract work on other properties. The farmer's contract harvesting business is a related business of the farm enterprise.

Example 4

The farm enterprise has a truck that is used on the poultry farm. The farmer installed an egg packaging line on the farm and is also using the farm truck to supply fresh eggs produced on the farm to purchasers in town. The egg packaging and transport business is an example of a related business.

Other business (not related to the farm enterprise)

Example 5

The farm enterprise is operated from a property with a building (i.e., the house) on it. The farmer uses a room in the building to create and distribute handmade craft from materials that were not produced by the farm enterprise. The handmade craft business is not related as there is insufficient association between the businesses and the craft business is not operating within any of the agricultural, horticultural, pastoral, apicultural or aquacultural industries.

Example 6

The farm enterprise has a truck that is used in the farm business. This truck is also used to transport goods purchased from suppliers to a gift shop in town owned by the partner of the farmer. The use of the truck in the retail business is insufficient association and the gift shop is not operating within any of the agricultural industries. The gift shop is not a related business.

Example 7

The farm enterprise is growing berries. From time to time, the farmer contracts his neighbour's business for berry picking. As neither the farmer, nor his partner own or effectively control the berry picking business, it is not a related business of their farm enterprise.

Legislative reference: section 5 of the *Farm Household Support Minister's Rules 2024*.

16.2.2 Income and asset assessment and the forced disposal of livestock

Income generated from the forced disposal of livestock is exempt for the purposes of assessing eligibility for FHA, provided FHA recipients invest by depositing, or intend to deposit within 42 days of receipt, the income in a Farm Management Deposit account owned by the person.

If the person does not make the deposit within 42 days of the income being received, the exemption no longer applies.

There is no special treatment of assets generated from the forced disposal of livestock for the purposes of assessing assets for FHA or other social security payments. However, preferential tax treatments are available.

For more information on tax rules relevant to primary producers refer to the [ATO's website](#).

16.3 Reconciliation of business income

For FHA payments received between 1 July 2014 and 30 June 2020 income from business income estimates were reconciled against the actual business income received. Legislative changes effective from 1 July 2020 removed the requirement to undertake annual business income reconciliation. Information about business income reconciliation is available in previous [version of the guidelines](#).

Recipients must provide an [estimate of income](#) and notify Services Australia within 14 days of a change in circumstances that impacts their estimate. To ensure eligibility for FHA is maintained, recipients may be selected for a [review](#), including checking the income estimate remains accurate.

17 Operating losses offset rule

FHA allows for a reduction to be made from a person's ordinary income where the farm enterprise and/or a related business is making a loss (up to the offset limit).

Access to the overall operating loss offset under the income test does not depend on the legal or commercial structure of the farm enterprise and/or its related business. This setting recognises that many farm operations set up other business structures to value-add and diversify their primary production activities and that off-farm income becomes critical to supporting the farm at times of financial hardship.

17.1 Using the offset

The offset will be calculated by Services Australia. FHA applicants and recipients must ensure they provide accurate information to Services Australia about their business losses. The offset cannot be used to carry forward losses, or to reduce a person's income below zero. Also, no one can offset more than their overall operational loss amount in a particular year.

17.1.1 Calculating the offset amount

Not all farm enterprises and related businesses will produce a loss. The following steps describe how to work out if there is an amount of an overall operating loss that can be used to offset a person's ordinary income.

Box 16 Calculating overall operating loss amount

Step 1: Identify for the person the farm enterprise, and each [related business](#) of the farm enterprise.

Step 2: Work out the revenue of the farm enterprise and each related business of the farm enterprise.

Step 3: Add up the revenue amounts from Step 2.

Step 4: Work out the outgoings of the farm enterprise and each related business of the farm enterprise.

Step 5: Add up the outgoings amounts from Step 4.

Step 6: Subtract the total outgoings at Step 5 from the total revenue at Step 3.

- **If the amount worked out at Step 6 is \$0 or more, there is no overall operating loss for the tax year.**
- **If the amount worked out at Step 6 is a negative amount, the amount is the overall operating loss.**

17.1.2 Limits on using the offset

There is a limit on the use of the offset amount. The cap amount applies to a person, or if they are partnered – to the household. The amount of the overall operating loss that can be used by a farmer and their partner is the lesser of \$100,000, their share of the loss or the overall operating loss amount. Where more than one person is involved in the running of the farm enterprise and can use the offset, the parties would need to agree how they want to split the business losses for FHA – these do not have to be equally shared. Farms supporting more than one household can each access the loss, but only up to \$100,000 per household.

Box 17 Examples of income offset limits

Example 1

Mark earns \$30,000 and his partner earns \$65,000 in off-farm income for a financial year. Their farm enterprise is forecasting a \$150,000 loss. The maximum amount of loss they can use is \$100,000.

Mark and his partner can offset their entire off-farm income of \$95,000. After applying the offset, they both meet the income test and will each receive the maximum rate of FHA payment.

Example 2

Sally, Tim and John are the joint owners of a grape growing farm enterprise and a small winery, which is a related business. The farm enterprise and the winery are running at an operating loss of \$220,000 in the current financial year.

John earns \$115,000 per annum through his consultancy business. Sally and Tim do not have any off-farm income and each receive the maximum rate of payment as there is no income to be assessed.

Sally, Tim and John agree that the overall business losses will be attributed to John in full as he is the only one able to benefit from the offset. As the maximum amount of offset that can be used is \$100,000, this amount is applied against John's off-farm income of \$115,000. This leaves him with assessable income of \$15,000. This is below the income threshold and therefore John will receive the maximum amount of payment.

In the future if the farm enterprise or the winery no longer operate at a loss, any off-farm earnings will be fully assessed and may result in John's payment being cancelled (or he may elect to proactively cancel FHA).

Legislative reference: section 67 of the FHS Act and sections 7 and 8 of the *Farm Household Support Minister's Rules 2024*.

18 Assets test

FHA applicants and recipients must meet a single threshold asset test limit of \$5.5 million net per household. This amount includes the total net value of both [farm](#) and [non-farm](#) assets.

Consistent with other social security payments, the value of the principal home is excluded from the assets test. Also, consistent with social security payments, assets are valued as net of any encumbrances (loans), often referred to as equity. When declaring the asset value, a person should not use the insurance value, replacement with new value, or preferred sale price – they should use the likely price that would be received if the asset were sold ‘as is’, in the current market conditions (that is, not what they would like to receive for it, but what they believe they would actually receive for it).

Applicants whose total assets exceed the \$5.5 million net value limit are not eligible for FHA unless they qualify under [Asset hardship rules](#) provisions.

Box 18 Examples of assets test

Example 1

Sarah is a beef cattle farmer. Recently, Sarah had her farm valued as she was thinking about selling and moving to town. The farm, including the land, livestock, machinery and other equipment was valued at \$7.5 million. Sarah has a loan of \$3.5 million against the farmland, so her equity (net asset value) is \$4million. Sarah has put her sale plans on hold and is applying for FHA to assist with household cash flow. She would meet the assets test for FHA.

Example 2

Steven’s farm was severely flooded and sustained significant damage to the buildings and equipment. The roads and fences have been washed away and most machinery requires significant repair. Before the floods, Steven could have reasonably expected to receive around \$8million if he sold the farm. With all the flood damage, if he were to sell the farm ‘as is’, he could only expect around \$6million. Steven owes \$2 million in loans, meaning his current equity is \$4million. He would meet the assets test if he applies for FHA.

Prior to 11 June 2020 assets were differentiated between ‘farm’ and ‘non-farm’ assets and there was a separate threshold for each class of asset. An applicant had to meet both thresholds to be eligible.

Legislative reference: section 33 of the FHS Act.

For general information on assets and how they may affect an individual’s payment, refer to the [Social Security Guide](#).

18.1 Non-farm assets

Non-farm assets include liquid assets such as an individual’s cash, shares in public companies, money owing or any other realisable assets which are not farm assets. [Farm Management Deposits](#), and cash held to purchase farm assets such as property are non-farm assets.

Even though there is a single asset threshold, it is important to identify the type of asset as this will have significance when determining the origin of income. For example, an investment property that has rental income - this income is treated as off farm income.

18.1.1 Exempt assets

The value of certain non-farm assets held for the purpose of carrying out a farm enterprise (including shares in the Murray Goulburn Co-operative Co Ltd) can be excluded from the FHA asset test. Specifically, assets which are: not a farm asset as defined in the FHS Act; held for the purpose of carrying out a farm enterprise; not held or capable of being held for a purpose other than the carrying out of a farm enterprise; and not cash or an amount deposited with or lent to a financial institution.

For the avoidance of doubt, this does not provide precedent to disregard assets required for the operation of a farm enterprise or farm assets as defined in the FHS Act.

18.2 Farm assets

Farm assets are assets used wholly or mainly for the purposes of the farm enterprise. Specifically excluded from this definition are the liquid assets. The value of farm assets is calculated by deducting any debt secured against an asset from the current market value of that asset. Farm assets held in a self-managed superannuation fund, including farmland, are included in the asset test.

Legislative reference: section 35 of the FHS Act.

18.3 Asset disposal (gifting)

For the purposes of FHA, the treatment of the disposal of assets is consistent with mainstream social security benefits.

Once an individual has disposed of a farm asset, it is treated as a non-farm asset.

Legislative and policy reference: section 36(4) of the FHS Act and the [Social Security Guide](#).

18.4 Loans as assets

Consistent with social security law, loans from a trust beneficiary to the trustee of that trust, or from a shareholder of a privately controlled company to that company, are treated as financial assets of the lender. These rules ensure that individuals do not structure their finances to increase their entitlement to social security benefits.

The unpaid amount of a loan from a trust beneficiary to the trustee of the trust, or shareholder of a privately controlled company to that company (or a portion of a loan), are treated as farm assets in carefully prescribed circumstances, where:

- the loan was used for the purchase of a right or interest in:
 - land used wholly or mainly for the purposes of a farm enterprise, or
 - livestock, crop, plant or equipment that is produce of a farm enterprise or is used wholly or mainly for the purposes of a farm enterprise, unless it is leased out, and
- the outstanding amount of the principal of the loan exceeds the value of the entity's financial investments.

Legislative reference: section 35 and 66 of the FHS Act.

18.5 Asset hardship rules

The assets test for any social security payment presumes people with substantial assets, apart from their principal home, use those assets to produce income for their own support. If substantial assets are held, but they produce little or no income, a person is expected to rearrange their financial affairs before calling on income support through the social security system.

However, sometimes a person's circumstances would mean it is unreasonable to expect them to self-support. The asset hardship rules allow for those recipients to have certain assets disregarded when calculating their payment rate. These assets are called 'unrealisable assets' in the SS Act.

The asset hardship rules for FHA are consistent with the rules for mainstream social security allowances. Two key requirements that must be met are that the applicant is in [severe financial hardship](#), and is unable to sell the asset. It is important to look at the full guidance in the [Social Security Guide](#).

The hardship provisions apply in relation to the assets test for FHA.

For information on the asset hardship rules, refer to the [Social Security Guide](#).

19 Overseas portability

The overseas portability provisions allow an individual to continue receiving FHA while overseas for a limited time under specific circumstances.

FHA recipients do not automatically qualify for FHA to be payable when they travel overseas. An allowable absence can be granted:

- to seek eligible medical treatment
- to attend to an acute family crisis
- for a humanitarian purpose.

An allowable absence has the effect of allowing an FHA recipient to continue being paid for up to 6 weeks if they travel overseas for any of the approved purposes. The portability period should only apply up to the period which is reasonable to meet their needs.

The portability period can be extended for:

- a serious accident or illness of the person or family member
- hospitalisation of the person or family member
- a death of a family member
- involvement in custody proceedings in the country where the person is located
- a legal requirement to remain outside of Australia in connection with criminal proceedings, except where the crime is alleged to have been committed by the person
- a robbery or serious crime committed against the person or family member
- a natural disaster in the country in which the person is located
- industrial action in the country in which the person is located
- war in the country in which the person is located
- under the Medical Treatment Overseas Program administered by the Minister who administers the *National Health Act 1953*, where financial assistance is payable in respect of the person's absence from Australia.

The portability period cannot be extended unless the event occurred or began during the period of absence from Australia and if the person is not willingly involved or participating in an event of political or social unrest, industrial action, or war.

If a farmer has been granted an allowable absence, a qualified partner of the farmer will continue to receive FHA until such a time that it is determined that the farmer no longer meets the qualification criteria.

Legislative reference: Part 2, Division 7 of the FHS Act.

20 Reciprocal obligation requirements

As part of accessing the FHA, recipients are required to agree to and engage in a range of activities aimed at improving their circumstances. As FHA is time limited to 4 years in every 10-year period, payment may finish before the reasons for the hardship changes. This means that activity requirements play a crucial role in establishing a pathway towards FHA recipients recovering from their current financial hardship and establishing a pathway for longer term financial stability in the aim of being better prepared for future financial shocks.

These requirements are called ‘reciprocal obligations’ or ‘mutual obligations’ because recipients undertake them in return for receiving payment.

Throughout the process, FHA recipients will be supported by a dedicated FHCO. The FHCO will work with the FHA recipient to plan for and implement change to achieve the outcome of long-term financial stability.

20.1 Other assessments

Prior to discussions of options to achieve a pathway to recovery, FHA recipients will undertake a range of assessments to allow for a identification of issues and blockers and a way forward for the farm enterprise. The assessments undertaken to facilitate this process are:

- 1) [Farm financial assessment](#) (FFA)
- 2) [Assessment of personal circumstances](#)

These assessments aim to facilitate an informed discussion between the FHCO and the FHA recipient about the farmer’s future, to inform the development of the FIA and meaningful case management.

20.2 Financial improvement agreement

Following these initial capability assessments, FHA recipients will be required to enter into and deliver the objectives and related activities of their [FIA](#) in the ultimate aim of meeting their long-term goal for financial self-reliance.

Recipients also have access to an [activity supplement](#) to assist with the costs of eligible training (including reasonable travel and accommodation costs) and obtaining advice to achieve FIA goals.

21 Farm financial assessment

The FFA is a comprehensive assessment of the financial position of a farm enterprise (and the person for whom the assessment is conducted) by an independent [financial assessor](#). A broad range of people can qualify as financial assessors including accountants, financial planners, farm consultants and rural financial counsellors.

The purpose of the assessment is to develop and evaluate options to improve the person's financial position through an analysis of their resources, liabilities, barriers and goals. The timing of the FFA will be determined by the FHCO. They will have regard to how busy the proposed financial assessor is and set an appropriate timeframe. For example, if accountants and financial assessors are particularly busy during tax time, a longer period may be set for the return.

21.1 Requirement for a farm financial assessment

Services Australia will issue a notice requiring a person to undertake a Farm Financial Assessment (FFA) when they determine it is appropriate to do so. This may be quite soon after payment is granted, or may not be required for some time (for example, if the recipient is unwell and has a medical exemption from undertaking their reciprocal obligations, or if there is an issue that must be addressed before the finances are taken into consideration).

The person's financial assessor must submit a completed FFA to Services Australia within the advised timeframe from the date of notification in writing by the Secretary. A companion guide is available to assist financial assessors in working with applicant farmers to complete the FFA.

21.1.1 Use of previous farm financial assessments

If an applicant has stopped receiving payment and subsequently re-claims, a new FFA may not be required if their circumstances have not changed substantially since the previous assessment. Whether a new FFA is required will be discussed with the applicant by their FHCO.

Legislative reference: sections 85 and 86 of the FHS Act.

21.2 Consequences of failure to obtain farm financial assessment

If a person is required to complete an FFA, they must do so within the timeframe on the notice. If the FFA is not completed within the advised timeframe payment may be suspended. A recipient can request an extension of up to 28 days to return the FFA. The period of the extension should not exceed the time that would be reasonably practicable to return the FFA.

If the FFA is not returned within the extended due date, a payment will be cancelled.

Legislative reference: sections 63(2), 64 and 80 of the SSA Act

21.3 Qualification for farm financial assessment supplement

FHA applicants who have been notified by the Secretary that they are required to have an FFA conducted are eligible for the FFA supplement to assist in covering the cost of the FFA. Generally, only one supplement is payable, however, the case manager may authorise the payment of a second supplement if an additional FFA was required.

The FFA must be conducted by an independent financial assessor and submitted in the approved form. To qualify for the supplement, a completed assessment must be provided to Services Australia. Evidence is also required that the assessment was conducted by a financial assessor (the evidence may be supplied by the financial assessor directly to Services Australia as part of completing the FFA.)

There are no restrictions on the amount of the FFA supplement that can be used on any single FFA, up to the maximum limit. However, the supplement will not be payable if the cost of the financial assessment to the applicant is nil (for instance if undertaken by a rural financial counsellor).

The maximum amount payable for the FFA supplement is \$1,500.

Legislative reference: sections 87 and 89 of the FHS Act and section 10 of the *Farm Household Support Minister's Rules 2024*.

21.4 Method of payment of farm financial assessment supplement

The person must make a claim for the FFA supplement within 2 months of the date the invoice for the assessment, and must supply evidence that the assessment was conducted in accordance with the FHS Act.

The FFA supplement can be paid to either the person making the claim for the supplement or to the financial assessor. The claimant must elect who is to be paid, in a manner approved by the Secretary. If the claimant elects to be paid directly, then that person must have already paid the financial assessor who conducted the assessment.

Legislative reference: sections 88 and 89 of the FHS Act.

21.5 Qualification of financial assessor

A person can be a financial assessor if they:

- have appropriate qualifications or expertise to conduct the assessment, and
- are independent from the FHA recipient and their partner, if they are partnered.

There are no set qualifications to be a financial assessor, however an example of an appropriate qualification would be a qualification from a tertiary institution in a field that is relevant to giving financial advice. Further weight is given to the qualification if it is then recognised by a professional body whose members normally give financial advice (such as an accountant who is a Certified Practising Accountant).

Instead of formal qualifications the financial assessor may rely on their extensive experience in their chosen field relevant to conducting an FFA, such as accounting, business, financial planning or agronomy. An example of appropriate expertise would include the financial assessor being employed as a farm consultant or as a rural financial counsellor.

The financial assessor must also be independent from the recipient and their partner, if they are partnered and cannot have a right or interest in:

- the farm,
- the farm enterprise, or
- any asset that is owned by the recipient, or the partner of the recipient.

The requirement for independence minimises the risk of bias or misleading FFAs that do not support effective decision-making and planning by the FHA recipient.

If unsure whether the proposed financial assessor is appropriate, the FHA recipient should discuss this further with their FHCO when they are advised of the need to complete the FFA.

Legislative reference: section 86 of the FHS Act.

22 Assessment of personal circumstances

Assessment of personal circumstances aims to aid FHA recipients to identify individual circumstances and issues, which need to be addressed as a first order priority through their FIA or may limit their ability to achieve a financial self-reliance goal. These barriers may be physical, social or emotional. Identifying any barriers and their impact will reduce the likelihood of unrealistic activities or timeframes being included in the FIA.

Case managers will use their knowledge of mainstream payments and services, and linkages with other government and non-government service providers in regional and rural Australia. These linkages will provide recipients with access to personal, professional and social support services. They will also help address barriers to self-sufficiency and maintain wellbeing during times of hardship. Importantly, FHCs will not provide personal or professional counselling or other support services typically provided by experts or professionals in these fields.

For many FHA recipients, a key objective of their time on FHA will be to try and increase their financial literacy and to better understand the underlying financial health of their business. The self-efficacy survey establishes a baseline for understanding the FHA recipient's confidence in considering and evaluating their finances. The questions cover a mixture of attitudes and knowledge as well as capturing behaviour relating to topics such as money management, planning for short and longer-term financial goals and awareness, and choice of financial products.

Later during or towards the end of their time on FHA, recipients may be asked to retake this survey to evaluate whether there have been changes in their financial confidence and whether they have managed to improve their financial literacy during their time on FHA.

23 Financial improvement agreements

Applicants for FHA must indicate in writing that they are willing to enter into an FIA and carry out the terms of the agreement. This is a qualification requirement (see [Entering into a financial improvement agreement](#) for more information).

The Secretary has the power to require a person to enter into an FIA.

An FIA is a measurable, incremental planning tool for farmers and their partners to work towards improving their capacity for self-reliance. It is negotiated between their FHCO considering the person's needs, goals and resources, along with any barriers to them improving their circumstances.

The FIA is structured in 2 parts:

- 1) A high level goal. This assists the person on their pathway to long term financial security.
- 2) The objectives and related activities that the person will undertake to achieve their goal.

The 4 FIA goals may achieve financial self-reliance via:

- on farm activities only
- off farm activities only
- a combination of on and off farm activities
- exiting farming.

The aim is to capture in a simple, single document the pathway to financial self-reliance.

23.1 Terms of a financial improvement agreement

An FIA must contain at least one compulsory activity. Suitable activities may include:

- undertaking training
- obtaining professional advice
- undertaking study
- actively seeking, or being willing to undertake, paid work in Australia (other than paid work that is unsuitable for the person)
- any other activity that the Secretary regards as suitable for the person.

Undertaking these activities, as set out in the FIA, will mean that the recipient has satisfied the activity test for the relevant period. Failure to satisfy the activity test may result in a [Qualification failure](#).

In approving an FIA, consideration is given to the person's capacity to comply with the requirements, the person's needs, and the financial assessor's recommendations contained in the FFA, if applicable.

Unlike JobSeeker Payment, there is no requirement for a person who has claimed or is receiving FHA to undertake a minimum number of hours of activities to satisfy the activity test. This recognises the substantial workload of running a farm, which varies over time for the same farm and between

different types of farms (for example, the very different demands and operations of broadacre versus dairy farms). As a result, when determining whether to approve activities in a farmer's or their partner's FIA, it is appropriate to consider limiting factors.

Careful information gathering may be required to establish the contribution of the partner to the farm enterprise. When a partner of a farmer has little or no involvement in the farming operation, the objective/s and activities in the FIA should reflect the circumstances and/or aspirations of the partner. For example, where a partner works off-farm and wishes to gain new skills for that employment, activities that support this outcome are appropriate.

Legislative reference: Part 2, Division 3 of the FHS Act.

23.2 Variation, cancellation and review

An FIA can be varied by negotiation, reviewed from time to time and/or cancelled. FHCOs must undertake a review of the FIA in consultation with the recipient at least once every 12 weeks. Reviews can also occur when FHCO considers it appropriate. When varying an FIA, the FHCO must consider the appropriateness of continuing to use the information in an existing FFA. Where the circumstances of the farm enterprise have undergone a change that significantly affects the operation of the farm enterprise, the FHCO may authorise a new FFA to be completed. Payment of a second [FFA supplement](#) may be authorised if an additional FFA is required.

The passage of time may not be sufficient grounds to require a new FFA. The person may have experienced a significant break in their payments (for example, often when the farming enterprise was profitable in a good season), but the business has been unable to sustain the recovery. Where the underlying drivers remain the same and the financial assessor's assessment still applies, the person and their FHCO may agree that a new FFA is not required.

24 Activity supplement

To support FHA recipients to undertake activities specified in their FIA, an activity supplement is available (up to \$10,000 over the person's lifetime). An individual can receive an activity supplement for each qualifying activity that they undertake (up to the cumulative maximum amount) and elect to either receive the activity supplement directly or have it paid to a service provider for the activity.

The supplement can also be used for reasonable travel and accommodation expenses to undertake a training activity. A decision on reasonableness will be at the discretion of the Secretary in each instance. However, as general guidance these would usually **not** be considered reasonable travel and accommodation expenses:

- interstate travel and accommodation where the FHA recipient has reasonable access to the same or a similar course in their own state
- business class airfares or high-cost economy airfares (e.g. last seat available or fully flexible on a high demand service)
- the cost of any airfares for training at a location in reasonable driving distance
- accommodation at a 5-star hotel, and/or
- accommodation for a course running less than half a day.

24.1 Qualification for activity supplement

A person may qualify for the activity supplement for activities already undertaken and activities they intend to undertake in accordance with their FIA. This ensures that the activity supplement is used to assist the person to take steps towards improving their capacity for financial self-reliance while fulfilling their requirements for FHA.

The purpose of an activity supplement is to help the individual achieve financial self-reliance and **not** to provide financial assistance for the farm enterprise, for example, by funding a capital purchase.

To qualify for activity supplement, an activity must:

- be undertaken for the purposes of the activity test,
- be specified in a FIA in force in relation to the person,
- be undertaken in accordance with the FIA, and
- fall within the classes of eligible activities prescribed in section 8 of the *Farm Household Support Secretary's Rules 2024* .

Activities considered a part of normal farm operations or expenses incurred implementing any advice or training will not be eligible. For example, the activity supplement could be used to fund (all or part of) the fees for eligible training courses, receiving advice or participating in workshops, conferences and training to assist a transition to an alternative career, development or advice relating to succession planning. However, the activity supplement could not be used for purchase of equipment to implement practices learned in farm enterprise training or recommended by an agricultural

adviser, or to pay for preparing individual tax return or a business activity statement of the farm enterprise.

Where a person undertakes training or receives professional advice, they must provide evidence or a declaration that the advice or training was provided by an appropriately qualified person.

A person is required to make a claim for the supplement within 2 months of the date the invoice for the activity is provided by the service provider. If the person elects to be paid the supplement directly, they must also provide evidence or a declaration (in an approved form) that they paid the service provider for the activity. A person cannot qualify for the supplement if they have already used the maximum amount of activity supplement.

Where an activity costs more than the whole of the activity supplement (or the remaining balance) the person may choose to fund the remaining portion from their own means.

Exhausting the activity supplement does not release the FHA recipient from their obligation to undertake activities under the FIA. Future activities must be self-funded if the activity supplement has been exhausted.

Legislative reference: Part 3 of the FHS Act, section 9 *Farm Household Support Minister's Rules 2024*, section 10 of the *Farm Household Support Secretary's Rules 2024*.

25 Exemptions from activity test

There is a range of circumstances where an exemption may be given from the FHA activity test. These provisions recognise circumstances impacting on the person and their family and include:

- [Temporary incapacity](#)
- [Pregnancy](#)
- [Defence Force Reserve service](#)
- [Special circumstances](#) beyond the person's control
- where complying with the activity test would prevent the person from undertaking [Essential farm activities](#)
- [Domestic violence](#)
- responsibilities of parents and foster carers for [Caring for a child with a disability](#)
- [Requirement to satisfy activity test unreasonable](#).

Legislative reference: Part 2, Division 5 of the FHS Act.

25.1 Temporary incapacity

A person may be granted a temporary incapacity exemption from the activity test if they are temporarily incapacitated and unable to undertake activities for the purposes of the activity test for 8 hours or more per week due to a medical condition arising from sickness or an accident.

The Secretary must form the opinion that there are no activities of a kind that the person could be reasonably expected to undertake for the purposes of the activity test for more than 8 hours per week and be satisfied that the incapacity has not been brought about with a view to obtaining an exemption. The person must provide a certificate from a medical practitioner stating their diagnosis, prognosis, period of incapacity, and that they are unable to undertake any activities for the purposes of the activity test for more than 8 hours a week.

25.1.1 Duration of exemption

If the Secretary is satisfied that the incapacity will continue after the end of the original exemption, then it may be appropriate to grant extensions to the exemption period from participation requirements. If the person:

- substantiates the incapacity with either the original medical certificate if still valid or an additional medical certificate the period of extension is either that stated on the medical certificate up to a maximum of 13 weeks, whichever is the lesser.
- is able to provide other written evidence (other than a medical certificate) and the Secretary considers it unreasonable to expect the person to obtain a certificate, then the exemption may be extended by no more than 4 weeks.

25.2 Serious illness

Where a person who is seriously ill and undergoing treatment has been given an initial exemption of 13 weeks, it may be appropriate to grant an extension (not exceeding 13 weeks) without requiring

the person to provide an additional medical certificate. The Secretary may continue to grant extensions without additional medical certificates until the person's exemption period reaches the period stated on their medical certificate or until a maximum of 52 weeks from the date that the first exemption was granted, whichever is the lesser.

The Secretary may only grant subsequent exemptions without requiring the person to provide an additional medical certificate if they continue to meet all criteria for a temporary incapacity exemption and:

- they have one of the medical conditions listed
- they are undergoing and/or recovering from intensive medical treatment (such as chemotherapy, radiotherapy) or undertaking rehabilitation for the serious illness
- there is little prospect of significant improvement in the person's medical condition over the period stated on the medical certificate, and
- requiring the person to obtain an additional valid medical certificate at the end of each exemption period would place unreasonable physical and/or mental burden and/or stress on the person.

A person may be considered seriously ill if they have one or more of these medical conditions:

- cancer/leukaemia
- severe stroke
- acquired brain injuries
- serious burns
- serious physical injuries requiring long recovery periods
- severe mental health conditions or drug and/or alcohol addictions for which the person is receiving treatment in an institutional setting.

After a maximum 52 weeks of extensions, a medical reassessment may be required which should indicate whether the condition is permanent, or still temporary.

If the circumstances on which the initial period of exemption were based remain in effect and the person provides an additional valid medical certificate, the Secretary may grant a subsequent exemption from activity test requirements for the period on the medical certificate, or 13 weeks, whichever is the lesser.

If the person's additional medical certificate extends beyond 13 weeks and the person remains seriously ill and is still recovering and/or undergoing treatment, the Secretary may grant an additional period of exemption without requiring a further medical certificate.

The total of the exemption periods granted based on this additional medical certificate must not exceed 26 weeks. After the additional 26-week period, all subsequent applications for temporary incapacity exemptions of up to 13 weeks must be supported by an additional valid medical certificate.

25.3 Pregnancy

Pregnant women are exempt from the activity test from 6 weeks before the date they are expected to give birth until the birth of the child, and for 6 weeks following the birth of the child. These exemptions apply even if the baby is stillborn or placed for adoption.

If at any other time during pregnancy a woman is unable to meet her activity test requirements because of pregnancy related medical problems, she should apply for an incapacity exemption.

25.4 Defence Force Reserve service

An individual is exempt from the activity test during any period they are attending a training camp as a member of the Defence Force Reserves.

25.5 Special circumstances

Where circumstances arise that impede, rather than prevent, an individual from meeting their activity test requirements, consideration will be given first to adjusting or reducing these requirements in preference to exempting the individual from the activity test completely.

However, there will sometimes be special circumstances beyond an FHA recipient's control, where it would be unreasonable to expect them to satisfy the activity test for a specific period of time. A special circumstances exemption may be granted if the Secretary is satisfied that such circumstances exist.

Categories of special circumstances exemptions that may arise are:

- major personal disruption to the recipient's home
- major personal crisis (including homelessness)
- affected by declared natural disaster e.g., bushfire, flooding or cyclone
- temporary caring responsibilities
- dad and partner leave
- undertaking jury duty
- being a newly protected witness
- being a newly arrived refugee
- volunteering during a state or national emergency
- undertaking Indigenous cultural business.

A special circumstances exemption can only be granted for up to 13 weeks and cannot be extended.

For general information on special circumstances refer to the [Social Security Guide](#).

25.6 Essential farm activities

A farmer may be temporarily exempt from the activity test if the Secretary is satisfied that requiring them to satisfy the activity test would prevent them from undertaking activities essential to the operation of the farm. This ensures that the person is not prevented from running their farm

enterprise during times of intensive workload, but that they are still required to satisfy the activity test for the majority of their time on payment. The period of exemption must not exceed 6 weeks and cannot be extended.

Exemptions for essential farm activities cannot be granted where the farmer has already received an exemption for essential farm activities twice in the previous 12 months, regardless of the length of the exemptions.

Some common examples of essential farm activities include:

- sowing and harvest for grain growers
- pruning and harvest on horticultural properties
- lambing, calving and hand rearing or feeding of agricultural livestock.

25.7 Domestic violence

An exemption from the activity test can be granted for an individual who the Secretary is satisfied has experienced domestic violence or other special family circumstances and is the principal carer of at least one child.

In circumstances where an individual is granted an exemption due to domestic violence, the period of exemption is 16 weeks. In circumstances where an individual is granted an exemption due to other special family circumstances, the period of exemption may be determined based on what is considered appropriate for each individual but cannot exceed 16 weeks.

In both cases, additional exemptions of up to 16 weeks at a time can be granted.

25.8 Caring for a child with a disability

Individuals can be granted an exemption from the activity test where they are the principal carer of a dependent child and the child has a disability, illness, mental health condition or physical condition, and their care needs are such that the Secretary is satisfied the person should not be required to satisfy the activity test for a period.

The period of exemption is determined based on what is considered appropriate in the individual's circumstances. The initial exemption cannot exceed 12 months. At the end of the exemption period, additional exemptions can be granted, each of which cannot exceed 12 months.

25.9 Requirement to satisfy activity test unreasonable

An individual may be granted an activity test exemption if, having regard to all the relevant factors, it would be unreasonable to expect the person to satisfy the activity test for that period. Relevant factors include:

- the location of offices of Services Australia relative to the individual's farm location
- difficulties with transport and communication
- the educational, cultural or religious background of the person.

26 Notification of circumstances preventing or affecting compliance

An individual is required to notify Services Australia of any circumstances preventing or affecting their capacity to comply with the requirements in their FIA within 14 days of the circumstances occurring.

An individual may not be required to notify Services Australia within this period if the Secretary or a delegate determines that the person could not have reasonably been expected to give the notification under the circumstances.

An individual who does not notify Services Australia of their inability to comply with their FIA within 14 days of the relevant circumstance occurring may be subject to a determination that they have committed a qualification failure. This means that FHA will not be payable until the determination is revoked, and the person will cease to qualify for FHA if they do not rectify the failure within 13 weeks of the determination.

Legislative reference: sections 18 and 71 of the FHS Act.

27 Qualification failures

Where a person does not comply with the terms of their FIA, they may be subject to a determination that they have committed a qualification failure.

A qualification failure occurs when a person, through their actions (or inactions), fails to:

- comply with a notice requiring them to enter into a FIA by the specified date
- satisfy the activity test by undertaking the specified activities in the FIA (where the person is not exempt from the activity test)
- notify of circumstances preventing or affecting their capacity to comply with a FIA within 14 days of the circumstances occurring.

A recipient who is determined to have committed a qualification failure will not be eligible to be paid FHA until the determination is revoked. Where this occurs within 13 weeks, payment is automatically restored (but not back paid).

Where more than 13 weeks has passed since the determination and the failure has not been rectified, the person ceases to qualify for FHA.

The Secretary must not make a determination that a person has committed a qualification failure if the person satisfies the Secretary that they have a reasonable excuse.

Legislative reference: sections 71 and 72 of the FHS Act.

28 Conduct failures

The Secretary may determine that a recipient has committed a conduct failure if the person:

- engages in misconduct while undertaking an activity agreed in their FIA
- refuses or fails to accept an offer of suitable employment in accordance with their FIA
- is unemployed as a result (whether direct or indirect) of an act of the person, and it was reasonably foreseeable that acting in that manner could result in the person becoming unemployed.

A conduct failure determination does not result in the recipient becoming ineligible for the payment but will result in an 8-week period where FHA is not payable. This determination may be revoked earlier if it would cause the person to be in severe financial hardship.

Legislative reference: sections 73 and 74 of the FHS Act.

29 Reasonable excuses

When deciding whether a person has committed a conduct or qualification failure, the Secretary must consider whether:

- the person had a reasonable excuse for the failure, and has notified the appropriate person or body specified in the FIA before the start of the activity, or
- the Secretary is satisfied that it would have been unreasonable to expect the person to give the notification.

When considering if a person had a reasonable excuse for the failure, the Secretary must consider whether the person at the time of the failure:

- was required to undertake farm work that was unforeseen and critical and not the kind of farm work the person would normally undertake at that time
- was required to take on unforeseen family or caring responsibilities
- did not have access to safe, secure and adequate housing
- was using emergency accommodation or a refuge
- had literacy and language skills that affected the conduct of the person resulting in the failure
- had a disability, illness, mental health condition or physical condition
- experienced a drug or alcohol dependency
- was subjected to violence
- was adversely affected by the death of an immediate family member or close relative
- had been imprisoned for more than 14 days and was released not more than 28 days before the time of the failure.

If a person satisfies the Secretary that they had a reasonable excuse for the failure after they have made a determination, the determination is taken never to have been made.

Legislative reference: section 76 of the FHS Act and section 9 of the *Farm Household Support Secretary's Rules 2024*.

30 Taxation

The FHA income support payment, activity supplement and FFA supplement are taxable payments.

Some expenses incurred in undertaking FIA activities may be tax deductible. Further information about taxation is available from the [Australian Taxation Office \(ATO\)](#).

31 Reviews and appeals

The rules dealing with review of decisions relating to payments are found in the SS Act and the SS (Admin) Act.

The social security review and appeals system consists of internal and external review mechanisms. An individual affected by a decision made under the social security law may apply for a review.

An internal review of a decision is conducted by a review officer who was not involved in making the original decision. The levels of review and appeal, in increasing order, are:

- internal review conducted by a Services Australia review officer (Subject Matter Expert or Authorised Review Officer)
- an independent merits review
 - Administrative Review Tribunal first review
 - Administrative Review Tribunal second review
- An external appeal on the question of law to the
 - Federal Court
 - High Court.

Legislative reference: Part 4 of the SS (Admin) Act.

For further information on review and appeals refer to the [Social Security Guide](#).

Glossary

Term	Definition
ABARES	Australian Bureau of Agricultural and Resource Economics and Sciences
ATO	Australian Taxation Office
AWOTE	average weekly ordinary time earnings
cancelled	A term used in respect of a social security payment or benefit, such as FHA, Rent Assistance, or a health care card. It means that a person is no longer entitled to receive the payment or the benefit. A new application may be required following a cancellation.
DAFF	Department of Agriculture, Fisheries and Forestry
FFA	farm financial assessment
FHA	farm household allowance (can refer to both the payment and the program)
FHCO	farm household case officer
FHS Act	<i>Farm Household Support Act 2014</i>
FIA	financial improvement agreement
granted	a term used in respect of an application for FHA. It means that all qualification and payability requirements have been met and payment can proceed.
HCC	health care card
IMP	income maintenance period
PhA	pharmaceutical allowance
RA	rent assistance
RAA	remote area allowance
SS Act	<i>Social Security Act 1991</i>
SS(Admin)Act	<i>Social Security (Administration) Act 1999</i>
suspended	A term used in respect of a social security payment or benefit, such as FHA. It means that a person's payment has been stopped, usually as a result of failure to comply with a requirement.
SWPP	seasonal work preclusion period
TAL	telephone allowance

References

Legislation

[Farm Household Support Act 2014](#)

[Farm Household Support Minister's Rules 2024](#)

[Farm Household Support Secretary's Rules 2024](#)

[Social Security Act 1991](#)

[Social Security \(Administration\) Act 1999](#)

[Social Security \(Exempt Lump Sum – General\) \(Agriculture\) Determination 2020](#)

Guides

[A guide to Australian Government payments](#)

[Social Security Guide](#)

Taxation Rulings

[Taxation ruling IT 225](#)

[Taxation Ruling TR 97/11](#)