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Committee Secretary
Senate Rural and Regional Affairs and Transport Legislation Committee
PO Box 6100
Parliament House
Canberra ACT 2600 Australia

Dear Sir /Madam

Re: The Farm Household Support Amendment (Relief Measures) Bill (No. 1) 2019

Thank you for the opportunity to make a submission in relation to the proposed amendments to The Bill.

Specific Feedback:

The change to provide support in 4 years out of 10 is a very positive move.

This will allow and encourage farmers to work towards being non welfare dependent but provides a safety net if necessary. This may encourage farmers to go on and off benefits only as required rather than “take it when you can get it”. The aim should be encouraging farmers to use it as a safety net when required rather than a long term welfare dependency measure.

The one off lump sum payment for recipients who have exhausted 1460 days is extremely helpful.

The drought is more severe now than it has been over the last 4 years, so assisting those farmers who have come to the end of their four year FHA term is an acknowledgement of that. This may well be the lifeline that saves some truly desperate farmers in very dark times. We acknowledge that this amount will not and should not be used for farm costs – fodder etc., but for household bills, food and clothing.

Enabling farmers to offset off farm income against their farm loss is a very positive move.

This measure will enable farmers to access part time or short term work to assist with living expenses and in maintaining the farm until seasons improve. It must be noted that employment in regional communities is very limited, but every little concession helps. Assisting farmers by allowing them other revenue sources to maintain their farm assets can only be a positive in this case. We have seen many farmers have to sell their herd and so many beautiful PTIC cows (preg tested in calf) be sent to the abattoir. It is concerning that when this very widespread drought breaks, breeding numbers will be severely limited, and it will take many years for farmers to increase their herd numbers to capacity again. This means it will take many years to get to full profitability again. Any measures to allow farmers to increase income that can be used to maintain the farm is a positive.

Softening the overpayment rules is a very positive move.

Farmers we deal with are very wary of stepping outside the guidelines and having to repay a Centrelink debt. Softening those rules will encourage more farmers who are entitled to assistance, to access it. We agree with Government that fraud is to be guarded against and prosecuted.

General Feedback of FHA issues:

The RFCS is a God send! We would have much lower take up rate without that service. We are concerned that some of these officers may have undiagnosed PTSD. Please look after these people – they are your greatest resource! We have had the privilege of dealing with Micheal Fagg and Zoe Burke, and these people have made a huge difference in the lives of farmers in our area.

We acknowledge the work already undertaken to shorten the application form and reduce the onerous paperwork. That will help the RFCS, the Centrelink Case Officers and the farmers themselves, allowing a more streamlined and efficient process. We acknowledge the need to protect against fraud, but would encourage you to use highly trained officers within Centrelink with some data matching tools at their disposal to reduce fraud and wastage.

Complex business structures are a barrier. Complex assessment unit officers are not readily available. Staff that know how these structures work, (i.e. corporate trustees of discretionary trusts) and that can read the financial statements of applicants is required.

To avoid double handling and to maximise efficiency, the farm could be given an identifier and assessed by one staff member so that the business structure is assessed once, and then the partners or associated parties of the business structure be assessed by that same officer. Currently, each application is assessed separately, so if you have 2 brothers who run a farm, you may have different assessing officers. This is inefficient and can be aggravating for applicants.

Farm Financial Assessments (FFA)

Currently the FFA Part A to be completed by farmer is a complete reiteration of information previously provided to receive FHA. Farm description, property use and financial information has already been provided in the FHA claim. This task is onerous, and the farmers have very full days feeding animals and carting water without filling in unnecessary forms.

FFA part B completed by the accountant is again a reiteration of previously provided information. Most of the financial information that is requested has already been supplied in balance sheets, profit and loss and tax return. We are unable to see **any** value adding in this process. In fact, at a cost of \$1500 per application, (and done properly, this document costs every bit of that to prepare), we can see some savings to Government of scrapping this requirement and directing that funding towards some of the projects that the Case Officers work through with the applicant. The process should allow for a training/strategic improvement project plan that is customised for farmers needs and with the sole and primary aim of improving current position and long term outcomes, rather than restating numbers for numbers sake.

Centrelink officers have told us that they do not read or need the Part B document; that they access this information from the financials or Part A of the FFA, and that the only part of that document that they use to work with the client is the SWOT analysis. Perhaps the requirements could be revised to reduce the need to re-state numbers that can be obtained from financial statements or the application form itself. This would allow further funding for projects such as succession planning projects or further training for the farmer or their family members.

The process to suspend payment and re-enter the system should be made easier. As it stands, if you cancel your payment and wish to re-enter, you need to start at the beginning and lodge a new application form (and re state all of your information). We understand that circumstances will have changed from the first time the farmer applied, but if the system was easier to re-enter - say the farmer had access to a copy of previously provided information, they could then update their details and action a new assessment, rather than a total re-start of the application. That may encourage farmers to exit the system earlier than they might otherwise. As it stands, and given how hard it is to get, farmers are reluctant to drop off it in case they need to get back in the system in the future. An easier system to progress into and out of would encourage farmers to use it only as necessary, not taking it now because they are reluctant to put themselves through the onerous process again in the future.

We believe that farmers will only just use what they need and would prefer to have something left up their sleeve if assistance was easier to access. A simple upload of current bank statements and financials only, would streamline the process and save the Government money.

We acknowledge that Government needs to be careful in its spending and guard against fraud and waste. We acknowledge that there are some primary producers who may not be considered to be commercial or viable in the longer term. The benefit of assisting those farmers through the FHA system is that those families stay in rural or regional communities, and those funds are kept flowing into those same small communities. The flow on effect and benefit to small non primary production businesses in rural and regional communities, of Government assisting farmers in those areas cannot be underestimated. Small supermarkets, retailers, service industries such as motor mechanics and electricians are the heartbeat of those communities, and any cash that flows to farmers will make its way to those businesses that keep those small communities alive. We would encourage Government to consider those small business attached to struggling rural and regional communities when they consider making access to support easier or harder.

Farm Household Case Officers are excellent, and, whilst at times constrained by onerous and overly complex systems, are appreciated by farmers and Tax Agents.

Thank you for the opportunity to provide these thoughts to you. I would be delighted to discuss any of these issues with you either in person or by phone, or to clarify anything by email.

Yours Faithfully

Pauline Pickering