

Senate Finance and Public Administration Standing Committee

ANSWERS TO QUESTIONS ON NOTICE

BUDGET ESTIMATES – 28 MAY 2009

Human Services Portfolio

Department/Agency: Centrelink

Outcome/Output Group: Outcome 1, Output 1.1

Topic: Treatment of farmlands transferred to a younger generation under a succession plan.

Senator: Scullion

Question reference number: HS24

Type of question: Written, 28 May 2009

Date set by the committee for the return of answer: 10 July 2009

Question:

HS24:

- a) In relation to income support payment eligibility, how does Centrelink treat farmlands transferred to a younger generation under a succession plan?
- b) Has the SSAT ever ruled farm succession as an exempt asset for income support application purposes?
- c) How many income support recipients have had their payments stopped as a result of transferring their farm under succession planning arrangements?
- d) How many income support payment applications have been rejected by Centrelink as a result of farmland being transferred under succession planning arrangements?
- e) How many affected parties have appealed Centrelink's decision?
- f) How many appeals have found against Centrelink?
- g) Has the SSAT ever found Centrelink's policy relating to the treatment of farm assets under a succession plan to be a misinterpretation of the Law?

Answer:

HS24:

- a) For most income support programs (for example Age Pension, Newstart Allowance) farmlands transferred to a younger generation under a succession plan are treated similarly to any other gift (with allowance, where applicable, for a deduction for wages previously foregone by the gift recipient). The value of the gift, in excess of the allowable amount, is included in the customer's assessable assets for five years.

An additional income support payment that eligible farmers can access is Exceptional Circumstances Relief Payment (ECRP). The current Department of Agriculture Fisheries and Forestry (DAFF) policy as it applies to ECRP, is that assets exempt under the *Farm Household Support Act (1992)* are also to be excluded from the application of the gifting provisions under the *Social Security Act (1991)* if those assets are gifted. This can include a farm. To continue to be eligible for this payment, a farmer who has gifted an exempt asset, such as farmland, must still maintain a right or interest in farmland.

- b) Yes. There have been occasions where the SSAT has determined that the gift of a farm should be treated as an exempt asset for ECRP purposes.
- c) The number is unknown. Statistics are not kept on such specific assessments.
- d) The number is unknown. Statistics are not kept on such specific assessments.
- e) Since 1 July 2007, the SSAT have finalised five ECRP appeals where deprivation of assets was involved. It is not known whether all of these cases involved the gift of a farm as statistics are not kept on the nature of the asset gifted. That is, the appeals may have involved the gift of farmland or may have involved other assets.
- f) Of the five SSAT ECRP appeals finalised, where deprivation of assets was involved, three of the Centrelink decisions were affirmed and two of the Centrelink decisions were set aside.
- g) No. Centrelink has always operated under the policy direction of the Department of Families, Housing, Community Services and Indigenous Affairs in relation to the income and assets test and the Department of Agriculture, Fisheries and Forestry in relation to ECRP.

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