

# Drought Assistance for farmers and small businesses



## Background

There are exceptional circumstances, such as severe drought, that are beyond the control of farmers and agriculturally dependent small businesses. In these situations, Exceptional Circumstances (EC) declarations for specific areas may be made. Farm enterprises in EC declared areas and small businesses dependent on these farm enterprises may be eligible for assistance from Centrelink to help with their everyday living expenses.

EC declarations are made by the Department of Agriculture, Fisheries and Forestry, based on recommendations from the National Rural Advisory Council (NRAC). The NRAC is comprised of up to eight federal, state, farmer and other specialist representatives.

## Exceptional Circumstances Assistance

When your area is EC declared, you can apply to Centrelink for EC Assistance. Centrelink will test your eligibility for this payment against the eligibility rules, which are set by the Department of Agriculture, Fisheries and Forestry. These rules include such things as income and asset tests. If your application is successful, you will be paid Drought Assistance Income Support fortnightly at the same rate as Newstart Allowance (see the *Newstart Allowance Rates* factsheet). You will also qualify for a Health Care Card.

**Note:** You do not have to satisfy an Activity Test. The payment is a grant, not a loan, and you do not have to put your farm or business on the market.

## Interim Income Support

If a non-EC declared area is experiencing exceptional circumstances and has established a strong case for drought assistance backed by factual evidence, the area may be declared eligible for Interim Income Support. This interim support can be paid to farmers and eligible small business operators for up to six months while their area is being assessed for full EC declaration. If a full EC declaration for the area is made, Interim Income Support will be replaced by full EC assistance.

## Who is eligible?

To qualify for Drought Assistance Income Support you must:

- be an Australian resident and living in Australia, **and**
- not be on Newstart Allowance, or any other Centrelink benefit or pension, or service pension from the Department of Veterans' Affairs.

To qualify for EC Assistance as a farmer you must:

- have a right or interest in the land used for the purposes of a farm enterprise, contribute a significant part of your labour and capital to the farm enterprise and derive a significant part of your income from the farm, **and**
- hold a current EC certificate identifying the farm as being located in an area that is eligible for assistance.

To qualify for EC Assistance as an eligible small business owner you must:

- have a current Australian Business Number (ABN) and carry out commercial activities (this does not include charities and not-for-profit groups)
- employ less than 100 full-time or equivalent employees, **and**



- be solvent, that is, it needs to be able to pay its debts. You will need to provide details of any pending insolvency or legal actions when applying for this relief assistance.

Small businesses must also demonstrate that:

- a significant financial downturn has affected their business due to the impacts of the drought on farming enterprises located in an EC declared area
- they contribute a significant part of their labour and capital to the business and derive a significant part of their income from the business
- they meet the asset test for the payment, **and**
- they receive 70 per cent or more of normal business turnover comes from the provision of goods and services for farm activities in an EC declared area, **or**
- from 25 September 2007, demonstrate that the business is located in a town with a population of up to 10 000 that is substantially reliant on farm income and is in an EC (Prima Facie or Interim) declared area.

Assets essential to the running of the business enterprise are exempt. The non-business asset test for Exceptional Circumstances Relief Payment is linked to the Newstart asset test limit, which is updated quarterly in line with the Consumer Price Index. A call to the Drought Assistance Hotline on **13 2316** can clarify the level of the current asset test limit

Examples of agriculture-dependent small businesses could include contract harvesters, fencing contractors, seed, feed and fertiliser suppliers, livestock transporters, shearing contractors and suppliers of farm machinery and equipment.

Examples of rural small businesses in towns of up to 10 000 population could include hairdressers, local mechanics, caravan parks, cafes, builders and electricians.

## What do I need to do?

To make a claim for Drought Assistance:

- contact Centrelink for a *Drought Assistance* claim form—by calling the Australian Government Drought Assistance Hotline on **13 2316** or visiting [www.centrelink.gov.au](http://www.centrelink.gov.au)
- lodge the completed claim form, together with the documents requested, such as your business tax returns at your nearest Customer Service Centre, **and**
- prove your identity to Centrelink. You will need to show documents that prove your (and your partner's identity)—see the *Proving your identity to Centrelink* factsheet for more information.

**Note:** Payment of Interim Income Support and EC Assistance are taxable. Please contact Centrelink as soon as possible to ensure you receive the maximum backdated payment.

## Are there income and asset tests?

The income test is similar to the Newstart Allowance income test—see the *Newstart Allowance Rates* factsheet. You will be asked to provide details of your primary production or business income. For the period 1 July 2005 until 24 September 2007 a maximum of \$10 000 per annum in off-farm (for farmers) or non-small business (for small business owners) salary and wages earned will not be assessed as income. From 25 September 2007 this has been updated and until 30 June 2009 a maximum amount of \$20 000 per annum in off-farm (for farmers) or non-business (for small business) salary and wages earned will not be assessed as income. For farmers, income from any forced sale of livestock due to exceptional circumstances, like drought, is not counted under the test (subject to certain conditions).

Under the asset test, the farm or business assets—essential to the long-term profitability of the farm or business—are excluded. The life insurance and approved superannuation investments of the person claiming the payment are also excluded.

**Note:** Your EC Assistance is income and asset tested every six months. You may need to supply your latest income tax return and financial statements to verify your details.

## Professional Advice and Planning Grant

The Professional Advice and Planning Grant provides eligible farmers access to up to \$5500 (including GST) worth of professional advice and planning assistance. Up to \$500 (GST inclusive) of the grant can be used for travel and incidentals incurred in obtaining advice. There is also scope for Professional Advice and Planning Grant recipients to access an additional \$2200. This extra funding is available a minimum of six months after the initial grant is received, to grant recipients who wish to re-evaluate their drought management plans.

Farm enterprises in all EC declared areas, irrespective of the length of the EC declaration, may be eligible for the grant. In addition, eligible farm enterprises can now access these grants for up to 12 months after the EC declaration has expired or 12 June 2009, whichever occurs sooner.

The Professional Advice and Planning Grant is separate to income support received through EC Assistance and you do not have to be receiving income support to qualify, although there is an off-farm asset test.

If you reside in an EC declared area and would like to claim for assistance, you will need to fill out a *Professional Advice and Planning Grant* claim form.

To find out if you are eligible for the grant or to obtain a copy of the claim form phone the Australian Government Drought Assistance Hotline on **13 2316** or contact your nearest Centrelink Customer Service Centre.

## Support for children of drought affected families

If you receive EC Assistance:

- the Parental Income, Family Asset and Family Actual Means Tests are waived. This means that your dependent children may be entitled to receive the maximum rate of Youth Allowance or ABSTUDY while you are receiving EC Assistance, **or**
- you may be eligible for an Additional Boarding Allowance if you receive an Assistance for Isolated Children (AIC) Boarding Allowance because your child needs to board away from home to attend school.

If you receive Interim Income Support payments and/or live in a drought-affected area and your family income has been or is likely to be reduced because of those circumstances:

- your dependent children may qualify for Youth Allowance or ABSTUDY (or a higher rate of Youth Allowance or ABSTUDY), **or**
- you may be eligible for an Additional Boarding Allowance if you already receive an AIC Boarding Allowance, **and**
- you may also be eligible for a Health Care Card, which will also exempt your children from the Youth Allowance and ABSTUDY Parental Income and Family Assets Tests, or AIC Additional Boarding Allowance Parental Income Test.

**Note:** Children aged 16 or over can claim a Health Care Card. Eligibility for the card is based only on the income of the applicant. A Health Care Card can provide access to health services, including low cost medicines and some other concessions from state and local government agencies.

## What about family payments?

If you are receiving Family Tax Benefit for your children, you may wish to revise your income estimate.

If you are not currently receiving Family Tax Benefit for your children, you should contact the Family Assistance Office to see if you are eligible.

## How to find out more

Drought Assistance Hotline	13 2316
Murray-Darling Basin Assistance Hotline	Freecall™ 1800 050 015
Youth and Student Services	13 2490
ABSTUDY	13 2317
Assistance for Isolated Children	13 2318
Family Assistance Office	13 6150
To speak to Centrelink in languages other than English	13 1202
Customer Relations (for complaints, compliments and suggestions)	Freecall™ 1800 050 004
Australian Government Services Fraud Tip-off Line	13 1524

**TTY\* enquiries** Freecall™ 1800 810 586

\*TTY is only for people who are deaf or have a hearing or speech impairment. A TTY phone is required to use this service.

**To make an appointment** 13 1021

Go to our website at [www.centrelink.gov.au](http://www.centrelink.gov.au)

**Note:** Calls from your home phone to Centrelink "13" numbers from anywhere in Australia are charged at a fixed rate. That rate may vary from the price of a local call and may also vary between telephone service providers. Calls to "1800" numbers from your home phone are free. Calls from public and mobile phones may be timed and charged at a higher rate.

## Disclaimer

The information contained in this publication is intended only as a guide to payments available.

### What are your responsibilities?

- It is your responsibility to decide if you wish to apply for a payment and to make the application, having regard to your particular circumstances.
- The information is accurate as at February 2008, but may of course change. If you use this publication after that date, please check with Centrelink that the details are up to date.

### From what date are benefits payable?

Most government payments are paid from, or after, the date on which the application is made. So the sooner you lodge your application the quicker you may be paid.

### What is the position if you deal with a third party?

You may deal with a third party who is not a member of Centrelink's staff. If you do so, please remember that Centrelink has not authorised any third parties to provide information or advice to you about payments.