Australian Government
Department of Agriculture, Fisheries and Forestry

DAFF Submission

to

Inquiry by the Senate Economics Legislation Committee

into

Bankruptcy Amendment (Exceptional Circumstances Exit Package) Bill 2011

18 Marcus Clarke Street Canberra City ACT GPO Box 858 Canberra ACT 2601 ph +61 2 6272 3933 fax +61 6272 5161 **www.daff.gov.au** ABN 24 113 085 695

DEPARTMENT OF AGRICULTURE, FISHERIES AND FORESTRY

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1. PURPOSE

This submission seeks to assist the committee with its deliberations by providing information on current and past exit programs and includes information on the change in policy in 2007 of the treatment of bankruptcy in respect of exit grants (the the Exceptional Circumstances (EC) Exit Package commenced in 2007).

The Department of Agriculture, Fisheries and Forestry acknowledges both the Bill's goals of helping farmers in significant financial difficulty to re-establish outside of farming and the difficulties faced by all parties in a bankruptcy or a potential bankruptcy situation. The department considers that the Bill could result in unintended consequences. These consequences are discussed in the submission.

The department proposes a possible alternative approach to counter these consequences and to achieve the Bill's objective.

2. BACKGROUND

Introduction

Re-establishment / exit grants paid under the following programs (all now closed) were exempt from bankruptcy proceedings:

- Dairy Exit Payment
- Farm Help Re-establishment Grant
- 1985 Rural Adjustment Grant Scheme
- 1988 Rural Adjustment Grant
- Rural Adjustment Grant Scheme
- Rural Adjustment Scheme
- Rural Reconstruction Grant Scheme
- Sugar Industry Reform Program
- Tobacco Grower Adjustment Assistance Package

The Farm Help Re-establishment Grant was the last exit grant exempt from bankruptcy proceedings. Farm Help closed on 30 June 2008, with no further payments made after 30 June 2009.

None of the post Farm Help programs were, or are, exempt from the bankruptcy provisions. Only two exit grants currently exist – the EC Exit Grant and the Farm Exit Support. The Farm Exit Support is not included in the Bill. Neither of these programs are currently exempt from bankruptcy provisions.

EC Exit Package

The current EC Exit Package contains three grants:

- Exit Grant up to $150,000
- Advice and Retraining Grant up to $10,000
- Relocation Grant up to $10,000

The Package was established in September 2007 and provides an opportunity for farmers in financial difficulty to leave farming before their assets are depleted, while enabling, where appropriate, viable farmland to be available to be farmed on a commercial basis (EC Exit Package Guidelines, July 2011, Attachment B).

The program was closed to all new applications on 10 August 2011. Among other criteria, the farmer must have sold the farm enterprise before his or her application can be fully assessed and a grant paid. The grant can be used for any purpose including setting up a small business, paying off debts or as a contribution towards the cost of a new home. The only requirement is that grant recipients do not return to farming for at least five years.

As at 30 June 2011, and since commencement of the program on 25 September 2007:

- 456 EC Exit Grants had been paid
- 56 grant recipients had a net debt - ranging from $492 to $2.2 million. The other 400 people, at the time of selling the farm, were either debt free or in a financial position that would enable them to pay off their debts
- the average total net asset position (i.e. total assets minus liabilities) of all grant recipients before the grant was paid was $188,238.

(Source: Centrelink program monitoring data)

Farm Exit Support

Farm Exit Support is similar to EC Exit Grant in all respects, except that it is available to eligible farmers in financial difficulty, regardless of the cause of difficulty, and is not linked to EC declarations. It is available to farmers in the pilot of drought reform measures in Western Australia. The Australian Government has allocated $1.44 million for Farm Exit Support for 2011-12. The program will close on 30 June 2012 or earlier if all funds are expended before that date.

Former government policy

The Farm Help Re-establishment Grant was intended to provide a head start to help farmers in financial difficulty successfully establish a life after farming. The grant was exempt from bankruptcy proceedings under the bankruptcy legislation.

This recognised the intent of the re-establishment grant to assist farmers to re-establish outside of farming and the decision to exempt the grant from bankruptcy was to guarantee some financial security for the farm family after exiting.

3. KEY ISSUES

Reasons for the change in policy

Incentive to farmers to consider their options

The EC Exit Package guidelines were designed to assist farmers in significant financial difficulty. The grant assists farmers to make the hard decisions about their future in farming before they reach a point, financially, from which it would be very hard to recover. Some farmers remain, hoping for a good season to repay their debts, but this is very risky if they are already burdened by debt. The guidelines encourage farmers to consider their position before it is too late by requiring that, to receive a grant, an applicant must be effectively in control of the farm enterprise immediately before the sale of the farm.

The EC Exit Grant was not made exempt from any future bankruptcy action so as to avoid deterring farmers from taking early action.

Impact of the policy guidelines

Effectively in control

As stated above, a grant applicant must be effectively in control of the farm enterprise in order to receive an exit grant. "Effectively in control", means the person has a legal title or interest in the farm enterprise and an ability to transfer it to another. This means an applicant cannot:

- be involved in bankruptcy proceedings
- have been issued an eviction order
- have been threatened with foreclosure or
- have in any other way lost management control of the farm.

If applicants fit into any of the above categories then they have left it too late to sell up and they will not receive an exit grant. This acts to filter out potential grant recipients who might at a later date become bankrupt.

As at 30 June 2011, and since 25 September 2007, 614 people have had their application for the EC Exit Grant rejected for a variety of reasons. There have been 53 rejections for not being effectively in control of the farm enterprise (Source: Centrelink monitoring data).

Re-establishment equals being debt free

Re-establishment assistance under the program includes assisting recipients to pay off debts, to be able to move on, free of debt. Grant recipients are free to use their grant monies in any way they see fit and paying off debts is a typical use of the grant, along with setting up a small business or buying a house.

Potential negative consequences of the Bill

Inequity

On the face of it, allowing exit grant funds to be available to creditors appears to defeat the purpose of the grant, and there have been (unsubstantiated) reports that farmers have not applied for a grant because they couldn't see any point when the money would just be passed on to creditors.

It can be argued on equity grounds that former farmers should face the same treatment as other sectors of the business community in any commercial dealings they enter into after farming.

Case studies of exiting farmers

Attachment A provides summaries of case studies of exiting farmers who have significant debts. The case studies have been provided to the Department of Agriculture, Fisheries and Forestry by the Rural Financial Counselling Service. Specific families/individuals are not identified. The case studies do not necessarily represent the views of the department.

4. POLICY OPTIONS

Creditors, who have lent money in good faith, are entitled to be repaid. On the other hand, the exit grant has been provided to assist farmers re-establish outside of farming. These two demands on scarce resources appear incompatible. The conflict between these competing demands will not be solved through bankruptcy but could be, to some degree, through informal or formal agreements acceptable to all parties.

Simpler, effective alternatives have been demonstrated in South Australia. Although banks have a responsibility to their shareholders to collect on all debts where possible, they can and do write off debts, usually if there is a commercially beneficial reason to do so.

Banks in South Australia are reportedly writing off debts (see case studies in Attachment A) following the negotiation of a non-binding agreement between the South Australian Farmers' Federation and the Australian Bankers' Association in consultation with Primary Industries and Resources South Australia, the Rural Financial Counselling Service SA Inc and the Law Society of South Australia (see the Farm Finance Strategy at http://outernode.pir.sa.gov.au/__data/assets/pdf_file/0004/54085/farm_finance_strategy_2007.pdf).

As part of the agreement, financial institutions have undertaken that they will use their best endeavours to not attempt to recover government income support payments or exit grant funds.

Other jurisdictions could consider the South Australian approach, which recognises the following key elements as part of a sound relationship between farmers and financial institutions:

- access to independent professional advice by the farmer
- early recognition of financial problems
- resolving financial problems by negotiation
- voluntary mediation

The strategy endeavours to resolve financial problems through their early identification, open communication, and access to professional advice, with the aim of achieving a win-win situation for all involved. However, bankruptcy is still available as an option of last resort and is most effective when all assets of the bankrupt are divisible among creditors.

The SA approach is informal and appears to have been successful although the department has seen no empirical evidence of this.

5. CONCLUSIONS

There are possible unintended consequences of the Bill which could create new inequities. The case has not been made as to why farmers receiving exit assistance should have these funds quarantined from bankruptcy. Other members of the community do not receive similar treatment.

The Bill may be inconsistent with the goals of the Exceptional Circumstances Exit Package and Farm Exit Support. Paying off debts should be seen as a positive action given the grant recipient is trying to make a fresh start, unencumbered. The EC Exit Grant assists with a new start, and if the best way to make that new start is to pay off debts then this would seem to be a good use of the grant money.

Case studies and observations from the Rural Financial Counselling Service

The following are selected representative examples of feedback from a large number of Rural Financial Counsellors when asked by the Department of Agriculture, Fisheries and Forestry about their experiences with departing farmers who owe significant sums of money. The case studies do not necessarily represent the views of the department.

Feedback from the Rural Financial Counselling Service suggests that while banks have the legal right to initiate bankruptcy proceedings, which may result in them receiving an amount equivalent to the exit grant, there is no evidence of this occurring. Other, smaller creditors, such as local fodder stores, also have a commercial and legal right to pursue debts and there are some examples of this, although not necessarily as bankruptcy proceedings. There is anecdotal evidence of debtors taking action to recover debt although none that refers to bankruptcy proceedings in respect of an exit grant. It is normal commercial practice for small business creditors to send letters threatening to take action.

Case study 1

To date we don't know of any clients who have been pursued by creditors to bankruptcy in an attempt to recover debts from the Exit payment.

The client's secured creditor (bank) made verbal threats that it would take every legal step possible to recover any outstanding debt in the event that there was a shortfall following the sale of the secured property. There was no shortfall however the clients entered into a private arrangement to pay a number of unsecured creditors from the proceeds of the exit grant

Clients were given pre sale approval by Centrelink in mid 2010 that they would qualify for the full $150,000 grant subject to final assessment of assets post sale. The property was eventually sold in May 2011 for less than the secured creditor's debt. The clients have taken out a private loan (approximately $30,000) to meet the shortfall and have entered into have a private arrangement that the loan will be repaid from the exit grant payment. Had they not done so it was highly unlikely that the bank would have released the security of the property in time for the settlement of the property to be concluded by the then 30th June 2011 EC Exit Grant deadline.

Case study 2

The client was declared bankrupt by a fuel company and the client chose to distribute his exit grant funds pro-rata to his creditors through negotiation by his creditor. Money owed was mainly paid to local small businesses in the town where he lived. This meant he could exit farming but still live in the town with a little dignity. The process was extremely long and drawn out, over some 24 months.

Case study 3

It is my experience that negotiations with banks generally results in an agreement not to pursue EC funds.

For example, it is my practice to negotiate a consultative resolution with financiers which is formulated by a Deed of Settlement. These negotiated settlements tend to involve bank waiver of residual farm debt which has the advantage of avoiding farmers' bankruptcy and ensuring re establishment funds are available to the family. Two applications for EC Exit have been approved relatively recently under this type of arrangement with bankers.

Observation

My experience has been that unsecured creditors will pursue debts, and farmers either negotiate a repayment plan or go bankrupt. Creditors included agricultural suppliers, contractors, fuel depots, stock agents, accountants, solicitors, grain merchants, fertiliser companies, local small businesses.

One strategy known to be used by farmers is to sell the farm, then file for bankruptcy and then once bankrupt apply for the exit grant. This is possible under the guidelines because the farmer was still in control of the farm at time of settlement of sale of the farm. The bankruptcy trustee then treats the exit grant as income and accordingly distributes only part of the exit grant to the creditors. This could leave the farmer with around $100,000 out of the $150,000 (income tax also needs to be taken into account).

Attachment B

EXCEPTIONAL CIRCUMSTANCES EXIT PACKAGE

POLICY GUIDELINES

(Revised July 2011)

These guidelines cover the Exit Grant, the Advice and Retraining Grant and the Relocation Grant components of the Exceptional Circumstances Exit Package 2007. They are a high level view of the policy intent which includes all specific provisions, however they are linked to the Social Security Act 1991, the Farm Household Support Act 1992 and the Farm Help Re-establishment Grant Scheme Instrument 1997, for interpretation of provisions which are not specific to the Exceptional Circumstances Exit Package.

These guidelines apply to the period 1 July 2011 to 30 June 2012. Any claim made under previous guidelines will be assessed in accordance with those previous guidelines

EXCEPTIONAL CIRCUMSTANCES EXIT PACKAGE

OVERVIEW

The Exceptional Circumstances (EC) Exit Package aims to provide an opportunity for farmers in financial difficulty to leave farming before their assets are depleted, while enabling, where appropriate, viable farmland to be available to be farmed on a commercial basis. The grants are designed to facilitate adjustment for long-term farm families, who have continuously worked the same farm for more than five years and who depend on it for their livelihood, but because of drought conditions have considered the difficult decision to sell the farm.

The continuation of the drought has had a significant impact on the farming sector with affected farmers considering their options both within and outside farming. The EC Exit Grant offers time-limited, one-off exit assistance for those farmers within an EC declared area that sell their farm enterprise and leave farming.

Three grants are available under this package:

(a) The EC Exit Grant is set at a maximum of $150,000 (GST not applicable).

(b) The EC Advice and Retraining Grant can provide up to $10,000 to farmers who have qualified for the Exit Grant.

(c) The EC Relocation Grant can provide up to $10,000 to farmers who have qualified for the Exit Grant.

The Australian Government has allocated $9.6 million for the EC Exit Package for 2011-12. The program will close on 30 June 2012 or earlier if all funds are expended before that date.

1. EXCEPTIONAL CIRCUMSTANCES EXIT GRANTS

1.1 Introduction

Definitions

Arm's length describes the type of business relationship between a buyer and seller that avoids a conflict of interest and where both parties are acting in their own self interest.

Asset has the same meaning as in the *Social Security Act 1991* unless otherwise specified.

Commercial terms means the transfer of the title or interest in the farm enterprise by a legally enforceable contract (where legally required) including financing options and is at a price that is consistent with prices for other recent sales in the area or with an independent market appraisal.

Effectively in control of a farm enterprise is taken to mean when a person still has legal title or interest in the farm enterprise and an ability to transfer the farm enterprise to another.

Farm enterprise means an enterprise carried on within any of the agricultural, horticultural, pastoral, apicultural or aquacultural industries and includes all land used for the purposes of the farm enterprise.

Farmer means a person who has a right or interest in the land used for the purposes of a farm enterprise.

Income refers to gross income.

Member of a couple has the same meaning as in section 4 of the *Social Security Act 1991*.

Owner or operator of a farm enterprise includes a person sharefarming, owning or leasing land used for a farm enterprise regardless of whether or not the person works the land themselves. A manager is a farm operator. A person employed as a farm hand or a contractor is not a farm operator.

Partner has the same meaning as in section 4 of the *Social Security Act 1991* being the other member of a couple and is used in these guidelines in the sense of a domestic relationship as opposed to a business partnership.

Prescribed advisers

(a) have relevant financial qualifications; and

(b) are members of a professional association whose members normally provide financial advice.

A family member of the applicant, or other person whose independence may be compromised by the very nature of his or her relationship to the applicant, cannot be a prescribed adviser.

Qualified person is a person who has relevant qualifications to the advice being provided and is a member of a relevant professional association.

Real debts are debts that are expected to be repaid.

Registered Training Organisation has the same meaning as it has in the document called Australian Quality Training Framework – Standards for Registered Training Organisations, published by the Australian National Training Authority in 2001.

Relevant course means a course, conducted by a university or TAFE institution or another Registered Training Organisation:

(a) that would help the person improve his or her skills to enable successful transition to an alternative career from farming;

(b) under which a qualification may be attained that would help the person obtain other sources of income or employment.

Sale of a farm enterprise means a transaction on commercial terms and at arm's length as a result of which the rights or interests of the applicant in:

(a) a farm enterprise; and

(b) the land used for the purposes of the farm enterprise;

are transferred to another person or entity.

Sale date is the date of settlement of a sale of a farm enterprise.

Commencement

These guidelines commence on 1 July 2011.

1.2 Who is qualified for an Exceptional Circumstances Exit Grant?

The applicant must be a farmer whose farm enterprise is or was in an Exceptional Circumstances Declared Area (includes prima facie and interim declared areas) on or after 1 July 2010 and has owned the farm enterprise for at least 5 years prior to the sale date of the farm enterprise.

To qualify for an EC Exit Grant a person must on or after 1 July 2010 meet the following criteria:

(a) prior to selling their farm enterprise, be a farmer and satisfy the following criteria:

  (i) contributes a significant part of his or her labour and capital to the farm enterprise; and

  (ii) derives a significant part of his or her income from the farm enterprise; and

  (iii) be an Australian resident; and

  (iv) is in Australia; and

  (v) the farm enterprise is located in an Exceptional Circumstances Declared Area (includes prima facie and interim declared areas); and

(b) prior to selling their farm enterprise, have a right or interest in the same farm enterprise (i.e. the farm being sold):

  (i) for at least 5 years immediately prior to the sale date of the farm enterprise; or

  (ii) have taken ownership and control of the farm enterprise (due to death, illness or retirement of another family member) that has been in the family for at least 5 years.

(c) be eligible to apply for the Exit Grant at the time of claim;

(d) have sold their farm enterprise (based on the date of settlement of the sale), and:

  (i) immediately before the sale the person was effectively in control of the farm enterprise; and

  (ii) the sale was on commercial terms and at arm's length;

  (iii) where the farm enterprise is sold using vendor finance, specific conditions apply in addition to the normal eligibility requirements. These conditions are outlined in Attachment A; and

  (iv) the person and, if the person had a partner when they applied for the Exit Grant, the partner (whether or not they remain a couple), are not farm owners or operators, and do not own any plant or machinery, or other assets essential for the effective running of a farm enterprise; and

(e) have met the required assets test (refer to 1.6 and 1.7 below);

(f) have not (or their partner) previously received an exit grant under this program or an exit or re-establishment grant under any other past or present Australian Government program.

(g) if having a partner when the person applied for the exit grant, the partner has not previously received an exit grant; and

(h) if having had a partner when the person applied for the exit grant, and the partner has asked to be paid an exit grant:

  (i) the partner has withdrawn the claim; or

  (ii) the claim has been rejected.

(i) the applicant is not a sharefarmer;

(j) if a leaseholder holds a lease for at least five years over the same area of land and is able to sell the lease (for example, a crown land lease) and thus the farm enterprise, and meets all eligibility criteria, then a leaseholder will be eligible for the grant.

Members of a couple

More than one grant per farm enterprise may be approved where it is established that the applicants meet all eligibility criteria, except in cases where applicants are members of a couple. Members of a couple can only receive one grant between them.

Former members of a couple may apply for a grant each and will be assessed individually against all eligibility criteria. In deciding whether a person is a member of couple, Centrelink will have regard to all the relevant circumstances of the relationship, consistent with provisions of the *Social Security Act 1991*.

Where two applicants receive an exit grant each and it is subsequently established by Centrelink that they are members of a couple, the lower value of the two exit grants paid is recoverable by the Commonwealth as a debt due to the Commonwealth.

1.3 When must the claim be made?

A claim for payment under the Exceptional Circumstances Exit Grant can be made up to and including 15 May 2012. The farm must be sold by 15 May 2012.

1.4 How does a person apply for the Exceptional Circumstances Exit Grant?

To apply for the exit grant, the farmer must have sold their farm enterprise (in accordance with clause 1.2(d)).

All persons will be required to lodge a full claim including supporting documentation and Proof of Identity as per Centrelink requirements.

1.5 Conditions of the Exceptional Circumstances Exit Grant

It is a condition of the making of the EC Exit Grant that the applicant (and their partner, whether or not they remain a couple) who receives the grant must, by signing a statement, declare that they will not become an owner or operator of a farm enterprise within 5 years of exiting the farming industry based on the date of settlement of sale.

An exit grant recipient may purchase land but must not own land used for the purpose of a farm enterprise, whether or not they farm it themselves or lease it to another party for the purpose of farming. The following conditions must also be met:

(a) the land must not form part of the farm enterprise sold by the applicant; however

  (i) an EC Exit Grant recipient may remain in the farm house if it was the principle residence at the time of settlement, with a maximum of two (2) hectares of land surrounding that house. The recipient must ensure that all other land and farm assets are sold

(b) the land must not have been supporting the operation of a farm enterprise immediately prior to purchasing

(c) the land is not zoned for farming

(d) the EC Exit Grant recipient has confirmed this land will not be used to operate a farm enterprise at any time within the five year preclusion period by them or any other person.

If an exit grant recipient becomes an owner or operator of a farm enterprise again in breach of their statement, the amount of the exit grant paid to the person is recoverable by the Commonwealth as a debt due to the Commonwealth.

The exit grant recipient is required to keep Centrelink informed of their residential address during the 5 year period. The person will also need to notify Centrelink if events or circumstances indicative of a return to farming or a change of address occur.

1.6 How much is available under the Exceptional Circumstances Exit Grant?

The Exceptional Circumstances Exit Grant is set at a maximum of $150,000 (GST not applicable).

To receive the maximum amount payable, total net assets (see 1.7 below) will need to be $350,000 or less.

If the value of the applicant's total net assets is above these limits, they may still be eligible for a reduced grant. For every $3 in assets above the relevant threshold limit, the exit grant reduces by $2. This means that applicant's cannot receive a grant of any amount if their net assets are more than $575,000.

The Exceptional Circumstances Exit Grant is taxable. It is not assessable as ordinary income, a bounty or subsidy, however the grant is subject to Capital Gains Tax. Applicants should seek the advice of a tax adviser regarding their taxation liabilities.

The EC Exit Grant is exempt income for social security purposes under section 8(11) of the *Social Security Act 1991*.

1.7 Calculating the value of a person's net assets

In calculating the value of a person's net assets:

(a) the value of a person's net assets at the date of settlement is to be worked out in the same way as the value of those assets would be worked out under Part 3.12 of the *Social Security Act 1991*;

(b) however, for working out the value of a person's net assets for this grant:

  (i) section 1118 of the *Social Security Act 1991* is modified by omitting paragraphs 1118 (1) (a) and (b); and

  (ii) if the person has a partner, assets of the partner at date of settlement are taken to be assets of the person; and

  (iii) only superannuation deposited prior to 1 July 2010 or as part of a regular payment regime can be exempt from the net assets test; and

  (iv) personal and household effects up to a maximum value of $10,000 must be disregarded; and

(v) payment rights granted to the person (or the person's partner) under the DSAP scheme or the SDA scheme must be disregarded;

(c) if assets are gifted to another person within five years prior to date of settlement then they are included in the assessment of the gifting person's total net assets, consistent with the *Social Security Act 1991*.

(d) if vendor finance is provided, the total sale value of the farm enterprise is included as an assessable asset (see Attachment A).

(e) a person's net assets are to be calculated by adding together the gross value of all the person's assets and then deducting all of the person's real debts.

1.8 Deadline for requesting payment of grant

A person who is qualified to receive an EC Exit Grant must lodge their claim for payment on or before 15 May 2012.

1.9 How the Exceptional Circumstances Exit Grant is paid

Payment will be made by direct credit to an account maintained by the customer unless there are special circumstances (per the normal Centrelink guidelines) that would warrant other arrangements.

2. EXCEPTIONAL CIRCUMSTANCES ADVICE AND RETRAINING GRANT

2.1 Purpose of the Exceptional Circumstances Advice and Retraining Grant

The Exceptional Circumstances Advice and Retraining Grant aims to assist farm families in areas that have been Exceptional Circumstances (EC) declared to access professional advice and retraining assistance to assist in the planning processes associated with farm exit.

The grants will assist farmers and their partners in EC areas (including prima facie and interim declared) intending to exit farming to access professional advice to plan and prepare for the future and to undertake re-training to find alternative employment and careers other than as a farmer.

These grants recognise that individual assistance and specialised advice across a range of areas will be needed to assist the re-establishment from farming following drought. The grants will provide farm families with individualised support for planning processes needed for successful transition out of farming and assist with the costs incurred in retraining for alternative careers.

2.2 Eligibility

To be eligible for the EC Advice and Retraining Grant, an applicant must:

(a) meet the eligibility criteria for the EC Exit Grant; and

(b) discuss exit advice and training needs and options with a Centrelink officer; and

(c) i) have sold their farm or

ii) have their farm enterprise listed on the market for sale and have submitted a claim for the EC Exit Grant that is notionally eligible based on the estimated asset value of the farm and known liabilities.

2.3 How the EC Advice and Retraining Grant can be used

The EC Advice and Retraining Grant may be used for professional advice to assist in the planning processes associated with farm exit and to prepare for and establish alternative careers away from the farm. The grant can cover, but is not limited to, financial assessment and planning, legal advice and personal advice. For persons preparing for a career outside of farming, the grant can also cover recognition of prior learning to recognise and formalise skills.

The types of professional advice or training required must be discussed with a Centrelink officer prior to being undertaken. Professional advice must be obtained from a qualified person and financial advice from a prescribed adviser.

Farmers intending to retire from employment cannot use funds under the EC Advice and Retraining Grant for training purposes. Training or retraining can be undertaken under the EC Advice and Retraining Grant for those persons seeking employment outside of farming.

Training must be a relevant course which will assist the farmer and the farmer's partner to gain employment off the farm and be provided by a Registered Training Organisation.

The person must discuss their training requirements with a Centrelink officer and agree to use the grant or a portion of the grant to undertake training as agreed during that discussion. If a person or their partner (if any) fails to complete the training (other than because of a matter beyond their control), access to further assistance under the EC Advice and Retraining Grant may be denied.

Payment of approved training will be made as per clause 2.5 of these Guidelines.

2.4 Rate Payable

A person who has sold the farm enterprise and whose claim for an EC Exit Grant has been successful will be able to access a grant of up to $10,000 (GST inclusive) to undertake approved activities.

A notionally eligible person who has not yet sold the farm enterprise will be able to access a grant of up to $5,000 (GST inclusive) in the first instance to undertake approved activities. The remaining $5,000 (GST inclusive) will be released after the sale of the farm enterprise and the approved claim for the EC Exit Grant has been finalised.

If a person or his or her partner has previously received:

(a) assistance under the Farm Help Advice and Training Scheme 1997;

(b) assistance under the Exceptional Circumstances Professional Advice and Planning Grant;

(c) any of the following, delivered by Centrelink on behalf of the Department of Agriculture, Fisheries and Forestry:

(i) activity plan development assistance, granted under the Sugar Industry Reform Program 2002;

(ii) business planning support, granted on or after 2 March 2004 under the extension to the Sugar Industry Reform Program 2002;

(iii) a grant for training made to canegrowers under the package mentioned in subparagraph (ii);

(d) assistance under the Climate Change Adjustment Program (CCAP) Advice and Training Grant Scheme;

(e) advice and training assistance under the Small Block Irrigators Exit Grant scheme;

(f) advice and training assistance under the Australian Government Farm Family Support program under the pilot of drought reform measures

the person is entitled to a maximum of $10,000 (GST inclusive) less the amount that was expended on or after 1 January 2005 by the person and his or her partner under a scheme mentioned in paragraphs (a), (b), (c), (d), (e) or (f) above.

Not more than $750 (GST inclusive) of the EC Advice and Retraining Grant may be used for the purchase of business related computer software for the person or the person's partner.

Not more than $1100 (GST inclusive) can be used for travel and incidentals incurred in order to obtain professional advice or undertake training.

If an eligible person or the person's partner (if any) undertakes training activities, incidental expenses may be used for:

(a) travelling and accommodation costs that are necessary and are reasonable taking into account the following matters:

(i) the place where the course is conducted;

(ii) the distance between the person's place of normal residence and the place where the course is conducted;

(iii) any medical condition of the person for which particular transport or accommodation is needed; and

(b) child care that is provided under a licence in force under a law of a State or Territory.

Vouchers issued by Centrelink must be used by the customer to pay for the fees, services and training prior to close of business on 12 June 2012 and submitted to Centrelink by 30 June 2012.

The Exceptional Circumstances Advice and Retraining Grant is generally not taxable. Where it reimburses the eligible person for the cost of purchasing an asset which declines in value (e.g. software) and which is used by the eligible person for income producing purposes, it may be included in assessable income as an assessable recoupment. Applicants should seek the advice of a tax adviser regarding their taxation liabilities.

2.5 Method of Payment

The EC Advice and Retraining Grant will be paid directly to the third party undertaking the approved activity and to the applicant in respect of the applicant's eligible out-of-pocket expenses. A voucher will be issued to the grant applicant to present to the third party prior to

the service being delivered. This voucher will need to be validated by the service provider and the applicant to confirm satisfactory services have been provided.

The payment will be made once Centrelink has sighted the voucher and the necessary supporting documentation.

Payment for training for a relevant course and provided by a Registered Training Organisation will be made on presentation of a receipt or invoice for:

(a) the provision of training by a Registered Training Organisation for an eligible person; or

(b) the person's, or the partner's, incidental expenses.

2.6 Applying for the EC Advice and Retraining Grant

All applicants are able to lodge a claim for the EC Advice and Retraining Grant.

The EC Advice and Retraining Grant is payable:

(a) if a successful claim is lodged in respect of the EC Exit Grant; or

(b) if the farm enterprise has not been sold, a claim in respect of the EC Exit Grant has been undertaken that indicates the farmer would be eligible if the farm enterprise sold for market value; and

(c) a claim for the EC Advice and Retraining Grant is lodged in respect of services delivered after the date of claim lodgement.

Claims for the EC Advice and Retraining Grant will be accepted until (and including) 15 May 2012.

2.7 Non-compliance with Guidelines

Costs for advice and retraining will not be paid if:

(a) the advice is not within the purpose of the EC Advice and Retraining Grant;

(b) the advice is not provided by a suitably accredited or qualified party;

(c) the training is not a relevant course or is not provided by a Registered Training Organisation;

(d) the necessary supporting documentation is not provided;

(e) the provider submits a voucher for the service and fee after 30 June 2012; or

(f) the provider submits a voucher that has been invalidated, e.g. the farmer has advised vouchers have been lost; or is now claiming another grant and does not wish to continue accessing the EC Advice and Retraining Grant; or has not sought the services of the provider.

2.8 Transitional – Applications before 30 June 2011

Subject to the provisions of these policy guidelines, applicants who lodged a claim for an EC Exit Grant and had sold the farm enterprise between 1 January 2011 and 30 June 2011 and were subsequently granted the EC Exit Grant, are eligible to access their unused advice and retraining grant entitlements as per section 2.4.

3 RELOCATION GRANT

3.1 Purpose of the Exceptional Circumstances Relocation Grant

The Exceptional Circumstances Relocation Grant will assist farmers and their partners in Exceptional Circumstances (EC) areas (including prima facia and interim declared) intending to exit farming to pursue real employment or self-employment opportunities away from the farm.

The EC Relocation Grant aims to assist farm families in areas that have been EC declared to access job seeking and relocation assistance so that farmers taking the Exceptional Circumstances Exit Grant will be able to move from farming to other careers in locations around Australia.

Expenditure on employment services will be a priority for applicants who are unemployed and require employment advice, planning and training.

3.2 Eligibility

To be eligible for the EC Relocation Grant, applicants must:

(a) meet the eligibility criteria for the EC Exit Grant;

(b) have discussed exit advice with an appropriate Centrelink officer and, if requiring assistance to find employment, registered for employment assistance with Job Network;

(c) have sold their farm enterprise in accordance with the policy guidelines on the EC Exit Grant; and

(d) be locating to pursue or take up real employment prospects.

Only one EC Relocation Grant will be available for each family unit (married / de facto, couples and dependants).

3.3 Where can an eligible family move to?

The EC Relocation Grant can only be used to assist with relocation within Australia (relocation means movement of the family from the actual farm to a location of new employment).

3.4 Expenses paid for under the EC Relocation Grant

Employment assistance

Applicants seeking to use a portion of the Grant for employment assistance should discuss with their Centrelink officer the amount to be earmarked for these services. As a guide, and given individual circumstances will vary, an amount of up to $5,000 should be retained for employment services from the Relocation Grant.

The EC Relocation Grant is for approved activities that will assist in gaining employment, including, but is not limited to:

(a) assistance to update or compile a resume;

(b) recognition of Prior Learning through Registered Training Organisations;

(c) career advice and planning;

(d) purchase of equipment and fares assistance to enable the applicant to attend job interviews;

(e) training through Registered Training Organisations to increase the applicant's skills, such as operating a small business;

(f) advice or training in operating a small business from Business Enterprise Centres.

Removal Expenses

An amount of up to $10,000 will be available for removal expenses. For applicants intending to use the Relocation Grant funds for employment assistance, applicants should discuss with their Centrelink officer or designated official the portion of the grant to be retained to fund employment related services. For applicants who have a new job offer and do not intend to use funds for employment assistance an amount of up to $10,000 for approved relocation removal expenses will be available.

Relocation Grant funds can be used for eligible removal expenses incurred, and services received, prior to the applicant submitting a claim for an EC Exit Grant. These funds will be made available through vouchers or reimbursement.

Details of eligible expenses are at clause 3.6 and Attachment B of these guidelines.

3.5 How long is assistance available for?

Funds from the Relocation Grant will be available for up to 4 months after the sale of the farm or by 12 June 2012, whichever occurs first.

In certain circumstances, funds may be available beyond 4 months (but no later than 12 June 2012) if the applicant has discussed this with a Centrelink officer and this officer approves an extension.

Examples of such circumstances include:

(a) where the applicant obtained work within the 4 months but subsequently found their long-term prospects would be improved by obtaining further assistance;

(b) personal circumstances, such as the applicant becoming a carer in the short term or bereavement;

(c) the applicant undertakes full time training, for employment purposes.

Centrelink will exercise its judgement in such cases. Applicants must detail the steps they are taking to find employment.

Applicants, including those eligible for the Age Pension, may be required to provide further evidence that they are relocating to find full time employment if there is reason for doubt.

3.6 Expenses relating to removal

Attachment B provides details of the removal expenses (to a location of new employment) that are allowed under the EC Relocation Grant. Removal expenses apply to the following categories:

(a) initial visit

(b) travel to the new location

(c) removal of household furniture and effects

(d) storage

(e) insurance

(f) freighting motor vehicles/cycles

(g) settling-in allowance

(h) education costs

(i) utilities

(j) motor vehicle registration

3.7 Expenses that are not eligible under the EC Relocation Grant

Legal and professional costs:

The EC Relocation Grant cannot be used to pay for legal and professional costs, such as:

(a) legal charges;

(b) disbursements;

(c) agent's fees and commission;

(d) stamp duty;

(e) costs of discharging and incurring mortgages; and

(f) advertising costs

that are associated with selling of the farm or purchasing a home at the new location.

Household furniture and effects:

The following are not included as household furniture and effects:

(a) large outdoor structures such as garages, carports and entertainment areas; and

(b) livestock and plants.

3.8 Method of payment

The EC Relocation Grant will be paid directly to the third party providing the employment and removal services or as a reimbursement to the applicant for expenses incurred. A voucher will be issued to the grant applicant to present to the third party prior to the service being delivered. This voucher will need to be validated by the service provider and the applicant to confirm satisfactory services have been provided.

If an applicant is intending to use his or her own transport for removal of household furniture and effects, funds will be available from the Relocation Grant to cover fuel and accommodation enroute, subject to Centrelink agreement.

The EC Relocation Grant is not subject to income tax.

3.9 Applying for the Grant

All applicants will be required to lodge a claim for the EC Relocation Grant by 15 May 2012.

Grants are only payable if a successful claim is lodged in respect of the EC Exit Grant.

3.10 Deadline for requesting payment of the EC Relocation Grant

A person who is qualified to receive an EC Relocation Grant must submit all used vouchers to Centrelink on or before 30 June 2012.

3.10 Non-compliance with Guidelines

Costs for relocation or job seeking will not be paid if:

(a) the removal or job seeking services are not consistent with clauses 3.4, 3.5 and 3.6;

(b) the necessary supporting documentation is not provided by 30 June 2012;

(c) the service and fee were incurred prior to 25 September 2007;

(d) the service providers submit a voucher for the service and fee after 30 June 2012; or

(e) the service providers submit a voucher that has been invalidated, e.g. the farmer has advised vouchers have been lost; or is now claiming another grant and does not wish to continue accessing the EC Relocation Grant; or has not sought the services of the removalist or third parties providing Employment Services.

3.11 Conditions of Exceptional Circumstances Relocation Grant

It is a condition of the Exceptional Circumstances Relocation Grant that the applicant (and their partner whether or not they remain a couple) who receive the grant must, by signing a statement, declare they are intending to pursue real employment opportunities away from the farm. If a grant recipient does not make genuine attempts to find employment the Relocation Grant is recoverable by the Commonwealth as a debt due to the Commonwealth.

3.12 Transitional – Applications before 30 June 2011

Subject to the provisions of these policy guidelines, applicants who lodged a claim for an EC Exit Grant and had sold the farm enterprise between 1 January 2011 and 30 June 2011 and were subsequently granted the EC Exit Grant, are eligible to access their unused relocation grant entitlements as per sections 3.4, 3.9 and 3.10.

4. ADMINISTRATION

4.1 Review and Appeals

If a person's claim is rejected for any of the three grants described in these guidelines and a notice is given to the person advising them of the decision, the person has 3 months after the notice is given to request a review of the decision by Centrelink.

If the person is still dissatisfied with the decision following a review by the original decision maker, a further review can be requested through an Authorised Review Officer.

If the person is still dissatisfied with the decision following the decision of the Authorised Review Officer, a further review can be requested through a member of the Centrelink Rural Programs team in National Support Office. During this review, consultation with the Department of Agriculture, Fisheries and Forestry will occur in all cases where a policy matter is in question.

The decision of Rural Programs team will be final, with the person able to make a complaint to the Commonwealth Ombudsman, who can consider the complaint including issues related to whether or not the policy is "unreasonable, unjust or improperly discriminatory".

4.2 Delegations

Assessment of eligibility for payments made under Parts 1, 2 and 3 of these guidelines are to be determined by a Centrelink Officer in the Rural Processing Unit with at least a nominal salary pay point of C2.5.

Payments made under Part 1 of these guidelines (Exceptional Circumstances Exit Grant) are to be authorised by a Centrelink Officer with at least a nominal salary pay point of C3.4. Other payments made under these guidelines are to be authorised by a Centrelink officer with at least a nominal salary pay point of C2.5.

Assessments of rejection of claims made under these guidelines are to be determined by a Centrelink Officer in the Rural Processing Unit with at least a nominal salary pay point of C2.5.

The creation and maintenance of vendors and the payment of public money are in line with the Financial Delegations Instrument applicable to officers of Centrelink (as per the Financial Management and Accountability Act 1997).

4.3 Important dates

The important dates for the EC Exit Package are:

The cut off date of	is for

15 May 2012	selling the farm
15 May 2012	submitting a claim for payment of an EC exit grant
15 May 2012	submitting a claim for an advice and retraining grant
15 May 2012	submitting a claim for a relocation grant
12 June 2012	using advice and training vouchers to pay for the fees, services and training
12 June 2012	accessing funds for the relocation grant
30 June 2012	submitting used advice and training vouchers to Centrelink (either service provider or grant recipient)
30 June 2012	submitting used relocation vouchers to Centrelink (either service provider or grant recipient)

Exceptional Circumstances Exit Grant Guidelines on Vendor Finance

For a person to be eligible for the Exceptional Circumstances Exit Grant, where the terms of the sale included vendor finance arrangements, the following conditions must be satisfied, in addition to normal eligibility requirements:

1. Sale needs to be on commercial terms and at arm's length.

The sale of the property must be on commercial terms and at arm's length.

The vendor would need to demonstrate that the sale was on commercial terms through the provision of an independent property valuation, with the sale given effect by a legally enforceable document. Centrelink would also need to be satisfied that the vendor does not retain any management interest, role or function in the farm business.

2. Property title must transfer to complete the sale.

The date of completion of the sale will be considered to be the date at which the legal title of the property transfers from the vendor to the purchaser (the "exit" date).

3. The value of the financing is included in the assets test.

The total agreed price for the property, comprising the deposit and residual amount subject to vendor finance, must be included in the assets test calculation, regardless of the term of the vendor finance arrangements.

4. Person must not retake control and running of farm if there is a default on payments - otherwise the Exceptional Circumstances Exit Grant is repayable.

Before receiving an Exit Grant, a recipient signs a declaration that they understand and acknowledge that they must not become a farm owner or operator within five years of exiting the farming industry.

In the event of a default on repayments, the vendor must not retake control of, or the running of, the farm enterprise, apart from basic maintenance and preparation for sale. The vendor should exercise the power to sell the property under the vendor financing arrangement. Centrelink should advise the recipient of this requirement at the time that the grant is approved.

If the recipient does retake control of, or the running of, the farm (basic maintenance and preparation for sale apart) within five years of exiting the farming industry, the amount of the grant becomes a debt repayable to the Commonwealth.

Removal Expenses Paid for Under the EC Relocation Grant

Initial visit

If an initial visit is required to arrange accommodation and / or schooling, the EC Relocation Grant can be used to pay for reasonable travel costs associated with one visit to the new location.

Travel to the new location

Reasonable removal costs will be met for the applicant for travel from the farm to the new location.

The applicant and family are expected to travel to the new location within a reasonable time and no later than 4 months after receiving the EC Exit Grant and by the most cost efficient means of transport.

If the applicant uses public transport, then the family is eligible for economy class travel by air, bus or train.

If the applicant travels by private motor vehicle, then he or she will be paid motor vehicle allowance for travel by the most direct route. Applicants and their family may also be reimbursed reasonable costs for necessary accommodation and/or meals en route.

As a general rule, the total payment for travel by private motor vehicle should not exceed the total of the costs had the applicant travelled by public transport – including cost of fares, accommodation and meals and freight of motor vehicle(s).

EC Relocation Grants will also cover the costs of travel of domestic pets.

Removal of household furniture and effects

The EC Relocation Grant will meet the reasonable removal costs of household furniture and effects which belong to the applicant and family, from the farm to the new location.

As a guide, the following are included as household furniture and effects:

(a) a household's normal contents; and

(b) outdoor items such as play equipment, garden tools, portable barbecues and small garden sheds.

The following are not included as household furniture and effects:

(a) large outdoor structures such as garages, carports and entertaining areas;

(b) livestock (except for pets) and plants (except pot plants); and/or

(c) motor vehicles and motor cycles (see below).

The applicant must provide at least two quotes of removal expenses except where they elect to use their own transport for removal of household furniture and effects.

Storage

The EC Relocation Grant may be used by a person to have all or some of their household furniture and effects stored for a reasonable period. Storage would not normally continue beyond the date on which suitable housing becomes available at the new location.

Insurance

Where applicants make private arrangements for removal and / or storage, the EC Relocation Grant may be used for insurance. Applicants are responsible for any loss or damage sustained where they organise their own removal and/or storage.

Applicants should check the insurance details of their removal and/or storage arrangements. Some items such as photographs, jewellery and collections may not to be covered by general insurance cover for removals. Applicants may wish to arrange separate insurance to cover these items.

Freighting motor vehicles/cycles

If it is considered impractical for the applicant to drive their motor vehicle/cycle to the new location, the EC Relocation Grant can be used to pay the reasonable cost of freighting one motor vehicle/cycle.

Settling-in allowance

The EC Relocation Grant may be used for accommodation expenses at the new location for up to three weeks, if long term accommodation is not immediately available.

Education costs

EC Relocation Grants may be used to pay for new school uniforms and new school fees equivalent to the cost of school fees payable at a Government school.

Utilities

The EC Relocation Grant may be used to pay for the connection of telephone and other utilities.

Motor vehicle registration

The EC Relocation Grant may be used to pay for the transfer of one motor vehicle registration and driver's licence.

Legal and professional costs

The EC Relocation Grant cannot be used to pay for legal and professional costs, such as:

(a) legal charges;

(b) disbursements;

(c) agent's fees and commission;

(d) stamp duty;

(e) costs of discharging and incurring mortgages; and

(f) advertising costs

that are associated with selling of the farm or purchasing a home at the new location.

PART B

FARM EXIT SUPPORT PROGRAM

POLICY GUIDELINES

July 2011

These guidelines cover the Farm Exit Support Program under the pilot of drought reform measures in Western Australia. They are a high level view of the policy intent which includes all specific provisions, however they are linked to the Social Security Act 1991, the Farm Household Support Act 1992 and the Farm Help Re-establishment Grant Scheme Instrument 1997, for interpretation of other provisions which are not specific to the Farm Exit Support Program.

These guidelines apply from 1 July 2011. Any claim made under previous guidelines will be assessed in accordance with those previous guidelines.

FARM EXIT SUPPORT PROGRAM

OVERVIEW

The Farm Exit Support Program is a program being tested under the pilot of drought reform measures in Western Australia in 2010-12.

The pilot of drought reform measures and Farm Exit Support was originally available in the Pilot Region (see **Definitions** below) and Farm Exit Support was open for claims from 1 July 2010 to 30 June 2011. From 1 July 2011, the pilot of drought reform measures and the Farm Exit Support program are extended to 30 June 2012 and expanded to include all of the south west of Western Australia. Farm Exit Support is now available in the Pilot Region and an Expanded Pilot Region (see **Definitions** below) from 1 June 2011 to 30 June 2012. These guidelines commence on 1 July 2011. Any claim made under previous guidelines will be assessed in accordance with those previous guidelines.

Drought and changing climate are having a significant impact on the farming sector with affected farmers considering their options both within and outside farming.

The Farm Exit Support Program aims to provide an opportunity for farmers in significant financial difficulty to leave farming before their assets are depleted, while enabling, where appropriate, viable farmland to be available to be farmed on a commercial basis. The grants are designed to facilitate adjustment for long term farm families, who have continuously worked the same farm for more than five years and who depend on it for their livelihood, but have considered the difficult decision to sell it.

The Farm Exit Support Program offers time-limited, one-off exit assistance for those farmers within the Pilot Region and Expanded Pilot Region who sell their farm enterprise and leave farming.

Three grants are available under this package:

(d) The Farm Exit Support Grant is set at a maximum of $150,000 (GST not applicable).

(e) The Farm Exit Support Advice and Retraining Grant can provide up to $10,000 (GST inclusive) to farmers who have qualified for the Exit Grant.

(f) The Farm Exit Support Relocation Grant can provide up to $10,000 (GST inclusive) to farmers who have qualified for the Exit Grant.

The Australian Government has allocated $1.44 million for Farm Exit Support for 2011-12. The program will close on 30 June 2012 or earlier if all funds are expended before that date.

1. FARM EXIT SUPPORT GRANTS

Definitions

Arm's length describes the type of business relationship between a buyer and seller that avoids a conflict of interest and where both parties are acting in their own self interest.

Asset has the same meaning as in the *Social Security Act 1991* unless otherwise specified.

Commercial terms means the transfer of the title or interest in the farm enterprise by a legally enforceable contract (where legally required) including financing options and is at a price that is consistent with prices for other recent sales in the area or with an independent market appraisal.

Effectively in control of a farm enterprise is taken to mean when a person still has legal title or interest in the farm enterprise and an ability to transfer the farm enterprise to another.

Expanded Pilot Region is described in Schedule 1 to these Guidelines.

Farm enterprise means an enterprise carried on within any of the agricultural, horticultural, pastoral, apicultural or aquacultural industries and includes all land used for the purposes of the farm enterprise.

Farmer means a person who has a right or interest in the land used for the purposes of a farm enterprise.

Income refers to gross income.

Member of a couple has the same meaning as in section 4 of the *Social Security Act 1991*.

Owner or operator of a farm enterprise includes a person who is share farming, owning or leasing land used for a farm enterprise regardless of whether or not the person works the land themselves. A manager is a farm operator. A person employed as a farm hand or a contractor is not a farm operator.

Partner has the same meaning as in section 4 of the *Social Security Act 1991* being the other member of a couple and is used in these guidelines in the sense of a domestic relationship as opposed to a business partnership.

Pilot Region is described in *Schedule 1* to these Guidelines.

Prescribed advisers:

1. have relevant financial qualifications; and
2. are members of a professional association whose members normally provide financial advice.

A family member of the applicant, or other person whose independence may be compromised by the very nature of his or her relationship to the applicant, cannot be a prescribed adviser.

Qualified person is a person who has relevant qualifications to the advice being provided and is a member of a relevant professional association.

Real debts are debts that are expected to be repaid.

Registered Training Organisation has the same meaning as it has in the document called Australian Quality Training Framework – Standards for Registered Training Organisations, published by the Australian National Training Authority in 2001.

Relevant course means a course, conducted by a university or TAFE institution or another Registered Training Organisation:

1. that would help the person improve his or her skills to enable successful transition to an alternative career from farming; and
2. under which a qualification may be attained that would help the person obtain other sources of income or employment.

Sale of a farm enterprise means a transaction on commercial terms and at arm's length as a result of which the rights or interests of the applicant in:

1. a farm enterprise; and
2. the land used for the purposes of the farm enterprise,

are transferred to another person or entity.

Sale date is the date of settlement of sale of a farm enterprise.

Commencement

These guidelines commence on 1 July 2011.

1.1 Who is qualified for a Farm Exit Support Grant?

To qualify for a Farm Exit Support Grant a person must have owned the farm enterprise for at least five (5) years prior to the sale date of the farm enterprise, and meet the following criteria:

(k) on or after 1 July 2010, prior to selling their farm enterprise, be a farmer and:

(vi) contribute a significant part of his or her labour and capital to the farm enterprise; and

(vii) derive a significant part of his or her income from the farm enterprise; and

(viii) be an Australian resident;

(ix) be in Australia; and

(x) the person's relevant farm enterprise must be located in the Pilot Region or Expanded Pilot Region; and

(l) prior to selling their farm enterprise, have a right or interest in the same farm enterprise (i.e. the farm being sold):

(iii) for at least five (5) years immediately prior to the sale date of the farm enterprise; or

(iv) have taken ownership and control of the farm enterprise (due to death, illness or retirement of another family member) that has been in the family for at least five (5) years;

(m) be eligible to apply for the Farm Exit Support Grant at the time of claim;

(n) have sold their farm enterprise (based on the date of settlement of the sale) in the relevant time period for farms in the Expanded Pilot Region and the Pilot Region (see clause 1.2), and:

(v) immediately before the sale, the person was effectively in control of the farm enterprise; and

(vi) the sale was on commercial terms and at arm's length;

(vii) where the farm enterprise is sold using vendor finance, specific conditions apply in addition to the normal eligibility requirements. These conditions are outlined in Attachment A; and

(viii) the person and, if the person had a partner when they applied for the Farm Exit Support Grant, the partner (whether or not they remain a couple), must not be farm owners or operators, and not own any plant or machinery, or other assets essential for the effective running of a farm enterprise; and

(o) have met the required assets test (refer to 1.5 and 1.6 below);

(p) not be a member of a farm enterprise that is receiving a Building Farm Businesses grant under the pilot of drought reform measures in Western Australia;

(q) have not (or their partner) previously received an exit grant under this program or an exit or re-establishment grant under any other past or present Australian Government program;

(r) if having had a partner when the person applied for the Farm Exit Support Grant, and the partner has asked to be paid a Farm Exit Support Grant:

  (i) the partner has withdrawn the claim; or

  (ii) the claim has been rejected;

(s) not be a sharefarmer; and

(t) if a leaseholder, hold a lease for at least five (5) years over the same area of land, be able to sell the lease (for example, a crown land lease) and thus the farm enterprise, and meet all eligibility criteria.

Members of a couple

More than one Grant per farm enterprise may be approved where it is established that the applicants meet all eligibility criteria, except in cases where applicants are members of a couple. Members of a couple can only receive one grant between them.

Former members of a couple may apply for a grant each and will be assessed individually against all eligibility criteria. In deciding whether a person is a member of couple, Centrelink will have regard to all the relevant circumstances of the relationship, consistent with provisions of the *Social Security Act 1991*.

Where two applicants each receive a Farm Exit Support Grant and it is subsequently established by Centrelink that they are members of a couple, the lower value of the two exit grants paid is recoverable by the Commonwealth as a debt due to the Commonwealth.

1.2 When must the application be made?

A claim for payment under the Farm Exit Support Program can be made from 1 July 2011 up to and including 30 June 2012. The farm must be sold between 1 July 2011 and 30 June 2012 for applicants in the Expanded Pilot Region, and between 1 July 2010 and 30 June 2012 for applicants in the remainder of the Pilot Region.

1.3 How does a person apply for the Farm Exit Support Grant?

To apply for the Exit Grant, the farmer must have sold their farm enterprise (in accordance with clause 1.1(d)).

All persons will be required to lodge a full claim (including supporting documentation and Proof of Identity as per Centrelink requirements).

1.4 Conditions of the Farm Exit Support Grant

It is a condition of the payment of the Farm Exit Support Grant that the applicant (and their partner, whether or not they remain a couple) who receives the grant must, by signing a statement, declare that they will not become an owner or operator of a farm enterprise within five (5) years of exiting the farming industry based on the date of settlement of sale. Farmers who take the Farm Exit Support Grant can be employed in a farm enterprise as long as they and/or their spouse or partner are not owners or operators of a farm enterprise.

An exit grant recipient may purchase land but must not own land used for the purpose of a farm enterprise, whether or not they farm it themselves or lease it to another party for the purpose of farming. The following conditions must also be met:

(a) the land must not form part of the farm enterprise sold by the applicant, however:

  (i) a Farm Exit Support Grant recipient may remain in the farm house if it was the principle residence at the time of settlement, with a maximum of two (2) hectares of land surrounding that house. The recipient must ensure that all other land and farm assets are sold;

(b) the land must not be supporting the operation of a farm enterprise immediately prior to purchasing;

(c) the land must not be zoned for farming; and

(d) have confirmed this land will not be used to operate a farm enterprise at any time within the specified five (5) year preclusion period by them or any other person.

If a Farm Exit Support Grant recipient becomes an owner or operator of a farm enterprise again in breach of their statement, the amount of the Farm Exit Support Grant paid to the person is recoverable by the Commonwealth as a debt due to the Commonwealth.

The Farm Exit Support Grant recipient is required to keep Centrelink informed of their residential address during the five (5) year period. The person will also need to notify Centrelink if events or circumstances indicative of a return to farming or a change of address occur.

1.5 How much is available under the Farm Exit Support Grant?

The Farm Exit Support Grant is set at a maximum of $150,000 (GST not applicable).

To receive the maximum amount payable, total net assets (see 1.6 below) will need to be $350,000 or less.

If the value of the applicant's total net assets is above these limits, they may still be eligible for a reduced grant. For every $3 in assets above the relevant threshold limit, the exit grant reduces by $2. This means that applicants cannot receive a grant of any amount if their net assets are more than $575,000.

The Farm Exit Support Grant is taxable. It is not assessable as ordinary income, a bounty or subsidy, however there are Capital Gains Tax consequences. Applicants should seek the advice of a tax adviser regarding their taxation liabilities.

The Farm Exit Support Grant is exempt income for social security purposes under section 8(11) of the *Social Security Act 1991*.

1.6 Calculating the value of a person's net assets

In calculating the value of a person's net assets:

(a) the value of a person's net assets at the date of settlement is to be worked out in the same way as the value of those assets would be worked out under Part 3.12 of the *Social Security Act 1991*;

(b) however, for working out the value of a person's net assets for this grant:

  (i) section 1118 of the *Social Security Act 1991* is modified by omitting paragraphs 1118 (1) (a) and (b); and

  (ii) if the person has a partner, assets of the partner at date of settlement are taken to be assets of the person; and

  (iii) only superannuation deposited prior to 1 July 2010 or as part of a regular payment regime can be exempt from the net assets test; and

  (iv) personal and household effects up to a maximum value of $10,000 must be disregarded; and

  (v) payment rights granted to the person (or the person's partner) under the Dairy Structural Adjustment Program Scheme or the Supplementary Dairy Assistance Scheme must be disregarded;

(c) if assets are gifted to another person within five (5) years prior to date of settlement then they are included in the assessment of the gifting person's total net assets, consistent with the *Social Security Act 1991*;

(d) if vendor finance is provided, the total sale value of the farm enterprise is included as an assessable asset (see Attachment A); and

(e) a person's net assets are to be calculated by adding together the gross value of all the person's assets and then deducting all of the person's real debts.

1.7 Deadline for requesting payment of grant

A person who is qualified to receive a Farm Exit Support Grant must lodge their claim for payment on or before 30 June 2012.

1.8 How the Farm Exit Support Grant is paid

Payment will be made by direct credit to an account maintained by the customer unless there are special circumstances (per the normal Centrelink guidelines) that would warrant other arrangements.

2. FARM EXIT SUPPORT ADVICE AND RETRAINING GRANT

2.1 Purpose of the Farm Exit Support Advice and Retraining Grant

The Farm Exit Support Advice and Retraining Grant aims to assist farm families in the Pilot Region and Expanded Pilot Region to access professional advice and retraining assistance to assist in the planning processes associated with farm exit.

The grants will assist farmers and their partners in the Pilot Region and Expanded Pilot Region intending to exit farming to access professional advice to plan and prepare for the future and to undertake retraining to find alternative employment and careers, other than as a farm owner or operator.

These grants recognise that individual assistance and specialised advice across a range of areas will be needed to assist re-establishment from farming. The grants will provide farm families with individualised support for planning processes needed for successful transition out of farming and assist with the costs incurred in retraining for alternative careers.

2.2 Eligibility

To be eligible for the Farm Exit Support Advice and Retraining Grant, an applicant must:

(a) meet the eligibility criteria for the Farm Exit Support Grant;

(b) discuss exit advice and training needs and options with a Centrelink officer; and

(c) (i) have sold their farm or

(ii)have their farm enterprise listed on the market for sale and have submitted a claim for the Farm Exit Support Grant that is notionally eligible based on estimated asset value of the farm and any known liabilities.

2.3 How the Farm Exit Support Advice and Retraining Grant can be used

The Farm Exit Support Advice and Retraining Grant may be used for professional advice to assist in the planning processes associated with farm exit and to prepare for and establish alternative careers away from the farm. The grant can cover, but is not limited to, financial assessment and planning, legal advice and personal advice. For persons preparing for a career outside of farming, the grant can also cover recognition of prior learning to recognise and formalise skills.

The types of professional advice or training required must be discussed with a Centrelink officer prior to being undertaken. Professional advice must be obtained from a qualified person and financial advice from a prescribed adviser.

Farmers intending to retire from employment cannot use funds under the Farm Exit Support Advice and Retraining Grant for training purposes. Training or retraining can be undertaken under the Farm Exit Support Advice and Retraining Grant for those persons seeking employment outside farming.

Training must be a relevant course which will assist the farmer and the farmer’s partner to gain employment off the farm and be provided by a Registered Training Organisation.

The person must discuss their training requirements with a Centrelink officer and agree to use the grant or a portion of the grant to undertake training as agreed during that discussion. If a person or their partner (if any) fails to complete the training (other than because of a matter beyond their control) access to further assistance under the Farm Exit Support Advice and Retraining Grant may be denied.

Payment of approved training will be made as per clause 2.5 of these Guidelines.

2.4 Rate Payable

A person who has sold the farm enterprise and whose claim for a Farm Exit Support Grant has been successful will be able to access a grant of up to $10,000 (GST inclusive) to undertake approved activities.

A notionally eligible person who has not yet sold the farm enterprise will be able to access a grant of up to $5,000 (GST inclusive) in the first instance to undertake approved activities. The remaining $5,000 (GST inclusive) will be released after the sale of the farm enterprise and the approved claim for the Farm Exit Support Grant has been finalised.

If a person or his or her partner has previously received:

(a) assistance under the Farm Help Advice and Training Scheme 1997;

(b) assistance under the Exceptional Circumstances Professional Advice and Planning Grant;

(c) any of the following, delivered by Centrelink on behalf of the Australian Government Department of Agriculture, Fisheries and Forestry:

  (i) activity plan development assistance, granted under the Sugar Industry Reform Program 2002;

  (ii) business planning support, granted on or after 2 March 2004 under the extension to the Sugar Industry Reform Program 2002;

  (iii) a grant for training made to canegrowers under the package mentioned in subparagraph (ii);

(d) assistance under the Climate Change Adjustment Program Advice and Training Grant Scheme; or

(e) advice and training assistance under the Australian Government Farm Family Support program under the pilot of drought reform measures,

the person is entitled to a maximum of $10,000 (GST inclusive) less the amount that was expended by the person and his or her partner on or after 1 July 2010 under a scheme mentioned in paragraphs (a), (b), (c), (d) or (e) above.

Not more than $750 (GST inclusive) of the Farm Exit Support Advice and Retraining Grant may be used for the purchase of business related computer software for the person or the person’s partner.

Not more than $1,100 (GST inclusive) can be used for travel and incidentals incurred in order to obtain professional advice or undertake training.

If an eligible person or the person’s partner (if any) undertakes training activities, incidental expenses may be used for:

(a) travelling and accommodation costs that are necessary and are reasonable taking into account the following matters:

  (i) the place where the course is conducted;

  (ii) the distance between the person’s place of normal residence and the place where the course is conducted;

(iii) any medical condition of the person for which particular transport or accommodation is needed; and

(b) child care that is provided under a licence in force under a law of a State or Territory.

Vouchers issued by Centrelink must be used by the customer to pay for the fees, services and training prior to close of business on 30 September 2012.

The Farm Exit Support Advice and Retraining Grant is generally not taxable. Where it reimburses the eligible person for the cost of purchasing an asset which declines in value (eg. software) and which is used by the eligible person for income producing purposes, it may be included in assessable income as an assessable recoupment. Applicants should seek the advice of a tax adviser regarding their taxation liabilities.

2.5 Method of Payment

The Farm Exit Support Advice and Retraining Grant will be paid directly to the third party undertaking the approved activity and to the applicant in respect of the applicant's eligible out-of-pocket expenses. A voucher will be issued to the grant applicant to present to the third party prior to the service being delivered. This voucher will need to be validated by the service provider and the applicant to confirm satisfactory services have been provided.

The payment will be made once Centrelink has sighted the voucher and the necessary supporting documentation.

Payment for training for a relevant course and provided by a Registered Training Organisation will be made on presentation of a receipt or invoice for:

(a) the provision of training by a Registered Training Organisation for an eligible person; or

(b) the person's, or the partner's, incidental expenses.

2.6 Applying for the Farm Exit Support Advice and Retraining Grant

All applicants will be required to lodge an application for the Farm Exit Support Advice and Retraining Grant.

The Farm Exit Support Advice and Retraining Grant is payable if:

(a) if a successful claim is lodged in respect of the Farm Exit Support Grant; or

(b) if the farm enterprise has not been sold, a claim in respect of the Farm Exit Support Grant has been undertaken that indicates the farmer would be eligible if the farm enterprise sold for market value; and

(c) a claim for the Farm Exit Support Advice and Retraining Grant is lodged in respect of services delivered after the date of claim lodgement.

Claims for the Farm Exit Support Advice and Retraining Grant will be accepted up to and including 30 June 2012.

2.7 Non-compliance with Guidelines

Costs for advice and retraining will not be paid if:

(a) the advice is not within the purpose of the Farm Exit Support Advice and Retraining Grant;

(b) the advice is not provided by a suitably accredited or qualified party;

(c) the training is not a relevant course or is not provided by a Registered Training Organisation;

(d) the necessary supporting documentation is not provided;

(e) the provider submits a voucher for the service and fee after 14 October 2012; or

(f) the provider submits a voucher that has been invalidated, eg. the farmer has advised vouchers have been lost; or is now applying for another grant and does not wish to continue accessing the Farm Exit Support Advice and Retraining Grant; or has not sought the services of the provider.

3 FARM EXIT SUPPORT RELOCATION GRANT

3.1 Purpose of the Farm Exit Support Relocation Grant

The Farm Exit Support Relocation Grant will assist farmers and their partners in the Pilot Region and Expanded Pilot Region intending to exit farming to pursue real employment or self-employment opportunities away from the farm.

The Farm Exit Support Relocation Grant aims to assist farm families in areas within the Pilot Region and Expanded Pilot Region to access job seeking and relocation assistance so that farmers taking the Farm Exit Support Grant will be able to move from farming to other careers in locations around Australia.

Expenditure on employment services will be a priority for applicants who are unemployed and require employment advice, planning and training.

3.2 Eligibility

To be eligible for the Farm Exit Support Relocation Grant, applicants must:

(a) meet the eligibility criteria for the Farm Exit Support Grant;

(b) have discussed exit advice with an appropriate Centrelink officer and, if requiring assistance to find employment, registered for employment assistance with Job Network;

(c) have sold their farm enterprise in accordance with the policy guidelines on the Farm Exit Support Grant; and

(d) be locating to pursue or take up real employment prospects.

Only one Farm Exit Support Relocation Grant will be available for each family unit (married / de facto, couples and dependants).

3.3 Where can an eligible family move to?

The Farm Exit Support Relocation Grant can only be used to assist with relocation within Australia (relocation means movement of the family from the farm to a location of new employment).

3.4 Expenses paid for under the Farm Exit Support Relocation Grant

Employment assistance

Applicants seeking to use a portion of the Farm Exit Support Relocation Grant for employment assistance should discuss with their Centrelink officer the amount to be earmarked for these services. As a guide, and given individual circumstances will vary, an amount of up to $5,000 should be retained for employment services from the Farm Exit Support Relocation Grant.

The Farm Exit Support Relocation Grant is for approved activities that will assist in gaining employment, including, but is not limited to:

(a) assistance to update or compile a resume;

(b) recognition of prior learning through Registered Training Organisations; career advice and planning;

(c) purchase of equipment and fares assistance to enable the applicant to attend job interviews;

(d) training through Registered Training Organisations to increase the applicant's skills, such as operating a small business;

(e) advice or training in operating a small business from Business Enterprise Centres.

Removal Expenses

An amount of up to $10,000 will be available for removal expenses. For applicants intending to use the Farm Exit Support Relocation Grant funds for employment assistance, applicants should discuss with their Centrelink officer or designated official the portion of the grant to be retained to fund employment related services. For applicants who have a new job offer and do not intend to use funds for employment assistance an amount of up to $10,000 for approved relocation removal expenses will be available.

Relocation Grant funds can be used for eligible removal expenses incurred, and services received, prior to the applicant submitting a claim for a Farm Exit Support Grant. These funds will be made available through vouchers or reimbursement.

Details of eligible expenses are at clause 3.6 and Attachment B of these guidelines.

3.5 How long is assistance available for?

Funds from the Farm Exit Support Relocation Grant will be available up to four (4) months after the sale of the farm but no later than 30 September 2012.

In certain circumstances, funds may be available beyond four (4) months (but no later than 30 September 2012) if the applicant has discussed this with a Centrelink officer and this officer approves an extension.

Examples of such circumstances include:

(a) where the applicant obtained work within the four (4) months but subsequently found their long-term prospects would be improved by obtaining further assistance;

(b) personal circumstances, such as the applicant becoming a carer in the short term or bereavement; and

(c) the applicant undertakes full time training, for employment purposes.

Centrelink will exercise its judgement in such cases. Applicants must detail the steps they are taking to find employment.

Applicants, including those eligible for the Age Pension, may be required to provide further evidence that they are relocating to find full time employment if there is reason for doubt.

3.6 Expenses relating to removal

Attachment B provides details of the removal expenses (to a location of new employment) that are allowed under the Farm Exit Support Relocation Grant. Removal expenses apply to the following categories:

(a) initial visit;

(b) travel to the new location;

(c) removal of household furniture and effects ;

(d) storage;

(e) insurance;

(f) freighting motor vehicles/cycles;

(g) settling-in allowance;

(h) education costs;

(i) utilities; and

(j) motor vehicle registration.

3.7 Expenses that are not eligible under the Farm Exit Support Relocation Grant

Legal and professional costs

The Farm Exit Support Relocation Grant cannot be used to pay for legal and professional costs, such as:

(a) legal charges;

(b) disbursements;

(c) agent's fees and commission;

(d) stamp duty;

(e) costs of discharging and incurring mortgages; and

(f) advertising costs

that are associated with selling of the farm or purchasing a home at the new location.

Household furniture and effects

The following are not included as household furniture and effects:

(a) large outdoor structures such as garages, carports and entertainment areas; and

(b) livestock and plants.

3.8 Method of payment

The Farm Exit Support Relocation Grant will be paid directly to the third party providing the employment and removal services or as a reimbursement to the applicant for expenses incurred. A voucher will be issued to the grant applicant to present to the third party prior to the service being delivered. This voucher will need to be validated by the service provider and the applicant to confirm satisfactory services have been provided.

If an applicant is intending to use his or her own transport for removal of household furniture and effects, funds will be available from the Farm Exit Support Relocation Grant to cover fuel and accommodation en route, subject to Centrelink agreement.

The Farm Exit Support Relocation Grant is not taxable.

3.9 Applying for the Farm Exit Support Relocation Grant

All applicants will be required to lodge a claim for the Farm Exit Support Relocation Grant by 30 June 2012.

Grants are only payable if a successful claim is lodged in respect of the Farm Exit Support Grant.

3.10 Deadline for requesting payment of the Farm Exit Support Relocation Grant

A person who is qualified to receive a Farm Exit Support Relocation Grant must submit all used vouchers to Centrelink on or before 14 October 2012.

3.10 Non-compliance with Guidelines

Costs for relocation or job seeking will not be paid if:

(a) the removal or job seeking services are not consistent with clauses 3.4, 3.5 and 3.6;

(b) the necessary supporting documentation is not provided by 14 October 2012;

(c) the service and fee were incurred prior to the date of the commencement of the Farm Exit Support Relocation Grant (1 July 2010 for applicants in the Pilot Region and 1 July 2011 for applicants in the Expanded Pilot Region);

(d) the service providers submit a voucher for the service and fee after 14 October 2012; or

(e) the service providers submit a voucher that has been invalidated, eg. the farmer has advised vouchers have been lost, or is now applying for another grant and does not wish to continue accessing the Farm Exit Support Relocation Grant, or has not sought the services of the removalist or third parties providing Employment Services.

3.11 Conditions of Farm Exit Support Relocation Grant

It is a condition of the Farm Exit Support Relocation Grant that the applicant (and their partner whether or not they remain a couple) who receive the grant must, by signing a statement, declare they are intending to pursue real employment opportunities away from the farm. If a grant recipient does not make genuine attempts to find employment the Relocation Grant is recoverable by the Commonwealth as a debt due to the Commonwealth.

4. ADMINISTRATION

4.1 Review and Appeals

If a person's claim is rejected for any of the three grants described in these guidelines and a notice is given to the person advising them of the decision, the person has three (3) months after the notice is given to request a review of the decision by Centrelink.

If the person is still dissatisfied with the decision following a review by the original decision maker, a further review can be requested through a Centrelink Authorised Review Officer.

If the person is still dissatisfied with the decision following review by the Authorised Review Officer, a further review can be requested through a member of the Centrelink Rural Programs team in National Support Office. During this review, consultation with the Australian Government Department of Agriculture, Fisheries and Forestry will occur in all cases where a policy matter is in question.

The decision of Rural Programs team will be final, with the person able to make a complaint to the Commonwealth Ombudsman, who can consider the complaint including issues related to whether or not the policy is "unreasonable, unjust or improperly discriminatory".

4.2 Delegations

Assessment of eligibility for payments made under parts 1, 2 and 3 of these guidelines are to be determined by a Centrelink Officer in the Rural Processing Unit with at least a nominal salary pay point of C2.5.

Payments made under Section 1 of these guidelines (Farm Exit Support Grant) are to be authorised by a Centrelink Officer with at least a nominal salary pay point of C3.4. Other payments made under these guidelines are to be authorised by a Centrelink officer with at least a nominal salary pay point of C2.5.

Assessments of rejection of claims made under these guidelines are to be determined by a Centrelink Officer in the Rural Processing Unit with at least a nominal salary pay point of C2.5.

The creation and maintenance of vendors and the payment of public money are in line with the Financial Delegations Instrument applicable to officers of Centrelink (as per the *Financial Management and Accountability Act 1997*).

4.3 Important dates

The important dates for the Farm Exit Support Program are:

The cut off date of	is for
30 June 2012	selling the farm
30 June 2012	submitting a claim for payment of an exit grant
30 June 2012	submitting a claim for an advice and retraining grant
30 June 2012	submitting a claim for a relocation grant
30 September 2012	using advice and training vouchers to pay for the fees, services and training
30 September 2012	accessing funds for the relocation grant
14 October 2012	submitting used advice and training vouchers to Centrelink (either service provider or grant recipient)
14 October 2012	submitting used relocation vouchers to Centrelink (either service provider or grant recipient)

Attachment A

Farm Exit Support Grant Guidelines on Vendor Finance

For a person to be eligible for the Farm Exit Support Grant, where the terms of the sale included vendor finance arrangements, the following conditions must be satisfied, in addition to normal eligibility requirements:

1. Sale needs to be on commercial terms and at arm's length

The sale of the property must be on commercial terms.

The vendor would need to demonstrate that the sale was on commercial terms through the provision of an independent property valuation, with the sale given effect by a legally enforceable document. Centrelink would also need to be satisfied that the vendor does not retain any management interest, role or function in the farm business.

2. Property title must transfer to complete the sale.

The date of completion of the sale will be considered to be the date at which the legal title of the property transfers from the vendor to the purchaser (the "exit" date).

3. The value of the financing is included in the assets test.

The total agreed price for the property, comprising the deposit and residual amount subject to vendor finance, must be included in the assets test calculation, regardless of the term of the vendor finance arrangements.

4. Person must not retake control and running of farm if there is a default on payments – otherwise the Farm Exit Support Grant is repayable.

Before receiving a Farm Exit Support Grant, a recipient signs a declaration that they understand and acknowledge that they must not become a farm owner or operator within five years of exiting the farming industry.

In the event of a default on repayments, the vendor must not retake control of, or the running, of the farm enterprise, apart from basic maintenance and preparation for sale. The vendor should exercise the power to sell the property under the vendor financing arrangement Centrelink should advise the recipient of this requirement at the time that the grant is approved.

If the recipient does retake control of, or the running of, the farm (basic maintenance and preparation for sale apart) within five (5) years of exiting the farming industry, the amount of the grant becomes a debt repayable to the Commonwealth.

Attachment B

Removal Expenses Paid for Under the Farm Exit Support Relocation Grant

1. Initial visit

If an initial visit is required to arrange accommodation and / or schooling, the Farm Exit Support Relocation Grant can be used to pay for reasonable travel costs associated with one visit to the new location.

2. Travel to the new location

Reasonable removal costs will be met for the applicant for travel from the farm to the new location.

The applicant and family are expected to travel to the new location within a reasonable time and no later than four (4) months after receiving the Farm Exit Support Grant and by the most cost efficient means of transport.

If the applicant uses public transport, then the family is eligible for economy class travel by air, bus or train.

If the applicant travels by private motor vehicle, then he or she will be paid motor vehicle allowance for travel by the most direct route. Applicants and their family may also be reimbursed reasonable costs for necessary accommodation and/or meals en route.

As a general rule, the total payment for travel by private motor vehicle should not exceed the total of the costs had the applicant travelled by public transport – including cost of fares, accommodation and meals and freight of motor vehicle(s).

Farm Exit Support Relocation Grants will also cover the costs of travel of domestic pets.

3. Removal of household furniture and effects

The Farm Exit Support Relocation Grant will meet the reasonable removal costs of household furniture and effects which belong to the applicant and family, from the farm to the new location.

As a guide, the following are included as household furniture and effects:

(a) a household's normal contents; and

(b) outdoor items such as play equipment, garden tools, portable barbecues and small garden sheds.

The following are not included as household furniture and effects:

(a) large outdoor structures such as garages, carports and entertaining areas;

(b) livestock (except for pets) and plants (except pot plants); and/or

(c) motor vehicles and motor cycles (see below).

The applicant must provide at least two quotes of removal expenses except where they elect to use their own transport for removal of household furniture and effects.

4. Storage

The Farm Exit Support Relocation Grant may be used by a person to have all or some of their household furniture and effects stored for a reasonable period. Storage would not normally continue beyond the date on which suitable housing becomes available at the new location.

5. Insurance

Where applicants make private arrangements for removal and/or storage, the Farm Exit Support Relocation Grant may be used for insurance. Applicants are responsible for any loss or damage sustained where they organise their own removal and/or storage.

Applicants should check the insurance details of their removal and/or storage arrangements. Some items such as photographs, jewellery and collections may not to be covered by general insurance cover for removals. Applicants may wish to arrange separate insurance to cover these items.

6. Freighting motor vehicles/cycles

If it is considered impractical for the applicant to drive their motor vehicle/cycle to the new location, the Farm Exit Support Relocation Grant can be used to pay the reasonable cost of freighting one motor vehicle/cycle.

7. Settling-in allowance

The Farm Exit Support Relocation Grant may be used for accommodation expenses at the new location for up to three weeks, if long term accommodation is not immediately available.

8. Education costs

Farm Exit Support Relocation Grants may be used to pay for new school uniforms and new school fees equivalent to the cost of school fees payable at a government school.

9. Utilities

The Farm Exit Support Relocation Grant may be used to pay for the connection of telephone and other utilities.

10. Motor vehicle registration

The Farm Exit Support Relocation Grant may be used to pay for the transfer of one motor vehicle registration and driver's licence.

11. Legal and professional costs

The Farm Exit Support Relocation Grant <u>cannot</u> be used to pay for legal and professional costs, such as:

(a) legal charges;

(b) disbursements;

(c) agent's fees and commission;

(d) stamp duty;

(e) costs of discharging and incurring mortgages; and

(f) advertising costs

that are associated with selling of the farm or purchasing a home at the new location.

Schedule 1

Farm Exit Support Program – Pilot Region and Expanded Pilot Region

Pilot Region:

1 Ashburton
2 Brookton
3 Bruce Rock
4 Carnamah
5 Carnarvon
6 Chapman Valley
7 Coolgardie
8 Coorow
9 Corrigin
10 Cuballing
11 Cue
12 Dalwallinu
13 Dandaragan
14 Dowerin
15 Dumbleyung
16 Dundas
17 Esperance
18 Exmouth
19 Geraldton-Greenough
20 Gnowangerup
21 Goomalling
22 Irwin
23 Jerramungup
24 Kalgoorlie-Boulder
25 Katanning
26 Kellerberrin
27 Kent
28 Kondinin
29 Koorda
30 Kulin
31 Lake Grace
32 Leonora
33 Meekatharra
34 Menzies
35 Merredin
36 Mingenew
37 Moora
38 Morawa
39 Mount Magnet
40 Mount Marshall
41 Mukinbudin
42 Mullewa
43 Murchison
44 Narembeen
45 Narrogin
46 Northampton
47 Nungarin
48 Perenjori
49 Pingelly
50 Quairading
51 Ravensthorpe
52 Roebourne
53 Sandstone
54 Shark Bay
55 Tammin
56 Three Springs
57 Trayning
58 Upper Gascoyne
59 Wagin
60 Westonia
61 Wickepin
62 Wiluna
63 Wongan-Ballidu
64 Woodanilling
65 Wyalkatchem
66 Yalgoo
67 Yilgarn

Expanded Pilot Region:

68 Albany
69 Armadale
70 Augusta-Margaret River
71 Bassendean
72 Bayswater
73 Belmont
74 Beverley
75 Boddington
76 Boyup Brook
77 Bridgetown-Greenbushes
78 Broomehill-Tambellup
79 Bunbury
80 Busselton
81 Cambridge
82 Canning
83 Capel
84 Chittering
85 Claremont
86 Cockburn
87 Collie
88 Cottesloe
89 Cranbrook
90Cunderdin
91 Dardanup
92 Denmark
93 Donnybrook-Balingup
94 East Fremantle
95 Fremantle
96 Gingin
97 Gosnells
98 Harvey
99 Joondalup
100 Kalamunda
101 Kojonup
102 Kwinana
103 Mandurah
104 Manjimup
105 Melville
106 Mosman Park
107 Mundaring
108 Murray
109 Nannup
110 Nedlands
111 Northam
112 Peppermint Grove
113 Perth
114 Plantagenet
115 Rockingham
116 Serpentine-Jarrahdale
117 South Perth
118 Stirling
119 Subiaco
120 Swan
121 Toodyay
122 Victoria Park
123 Victoria Plains
124 Vincent
125 Wandering
126 Wanneroo
127 Waroona
128 West Arthur
129 Williams
130 York