EXPLANATORY STATEMENT

Select Legislative Instrument 2009 No. 89

Issued by the Authority of the Minister for Agriculture, Fisheries and Forestry

Farm Household Support Act 1992

Farm Household Support Amendment Regulations 2009 (No. 1)

The Farm Household Support Act 1992 (the Act) establishes the *exceptional circumstances relief payment for small business*. This payment provides financial assistance to eligible individuals operating a small business who are experiencing hardship due to the effect of exceptional circumstances in the area where the business operates.

A business operator is able to receive financial assistance under the Act where in normal turnover the majority of the income of the business is derived from the supply of goods or services to farm enterprises, the business is situated in an exceptional circumstances declared area and the gross income of the business has been significantly reduced due to the effect of the exceptional circumstances.

Subsection 58(1) of the Act provides that the Governor-General may make regulations prescribing all matters required or permitted by the Act to be prescribed, or necessary and convenient to be prescribed for carrying out or giving effect to the Act.

The Regulations amend the *Farm Household Support Regulations 1993* (the Principal Regulations) to extend the availability of certain exceptional circumstances relief payments by one year.

Section 6C of the Act and the Principal Regulations provide that exceptional circumstances relief payments for small businesses are not payable to an eligible person in respect of any period after 30 June 2009.

The Regulations extend the closing day for qualification for exceptional circumstances relief payments for eligible small businesses under section 6C to 30 June 2010 so that small business operators can continue to access payments as the current drought endures.

Subsections 24A(4) and 24AA(5) of the Act provide respectively for $20,000 in off-farm salary and wages to be disregarded from a farmer’s income and $20,000 in salary and wages from other sources to be disregarded from a small business operator’s income for the purposes of calculating a rate of an exceptional circumstances relief payment.

Subsection 24A(4) and the Principal Regulations currently provide that the closing day for the exemption for farmers is 30 June 2008. And subsection 24AA(5) currently provides that the closing day for the exemption for small businesses is at the end of the 2008-09 financial year.

The Regulations prescribe later closing days for both exemptions of 30 June 2010 to permit farmers and small businesses access to exemptions as the current drought endures.

The detail of the Regulations is set out in Attachment A.

The Regulations are a legislative instrument for the purposes of the *Legislative Instruments Act 2003*. The Office of Best Practice Regulation (OBPR), the Office of Legislative Drafting and Publishing (OLDP) and Centrelink were consulted in the preparation of this regulatory change.

The Office of Best Practice Regulation (OBPR) was consulted in relation to these amendments. The Preliminary Assessment indicated that the amendments are minor in nature and that a Regulatory Impact Statement was not required.
Farm Household Support Amendment Regulations 2009 (No. 1)

Regulation 1 Name of Regulations

This regulation states that the Regulations are called the Farm Household Support Amendment Regulations 2009 (No. 1).

Regulation 2 Commencement

This regulation provides for the Regulations to have commenced on 1 July 2009.

Regulation 3 Amendment of Farm Household Support Regulations

This regulation provides that Schedule 1 amends the Farm Household Support Regulations 1993.

Schedule 1 Amendment

Item [1] Regulation 4B

This item amends regulation 4B and provides that the prescribed day for Subsection 6C (1) and 6C (2) of the Farm Household Support Act 1992 is 30 June 2010.

This item prescribes the closing day for qualification for exceptional circumstances relief payments for eligible small businesses so that small business operators can continue to access payments as the current drought endures.

Item [2] Regulation 6

This item prescribes a later closing day for exemptions of 30 June 2010 to permit farmers access to exemptions as the current drought endures. The long-term nature of this drought has meant that many farm families have had to increase their amount of off-farm work. The off-farm income test exemption enables farmers to earn an extra $20,000 income without affecting their eligibility for benefits and many more farm families continue to be eligible for support.

Item [3] Regulation 7

This item prescribes a later closing day for exemptions of 30 June 2010 to permit small businesses operators access to exemptions as the current drought endures. The long-term nature of this drought has meant that many small businesses have had to increase their amount of non-business income. The income test exemption enables small business operators to earn an extra $20,000 income without affecting their eligibility for benefits.