EXPLANATORY STATEMENT

Veterans’ Entitlements Income (Exempt Lump Sum –Farm Exit Support Grants) Determination

Instrument No. R48/2010

Paragraph 5H(12)(c) of the Veterans’ Entitlements Act 1986

The Purpose and Operation of the Attached Instrument
A payment is deemed not to be ordinary income for means-testing under the Veterans’ Entitlements Act 1986 (VEA) once it is stated to be an exempt lump sum by a determination under paragraph 5H(12)(c) of the VEA. The amount specified in the Determination at Part 2 of the Schedule as an exempt lump sum is an exempt lump sum for the purposes of the definition of ‘ordinary income’ in subsection 5H(1) of the VEA.

The attached instrument provides for the exemption of these payments from the income assessment of the person’s or the person’s partner’s service pension or income support supplement.

Background

The Farm Exit Support Program is a farmer specific exit program offering one-off exit assistance to those farmers within the pilot region that sell their farm enterprise and leave farming. It includes the Farm Exit Support Grant, the Farm Exit Support Advice and Re-training Grant, and the Farm Exit Support Relocation Grant.

The purpose of this instrument is to ensure that a Farm Exit Support Program grant is an exempt lump sum for the purposes of paragraph 5H(12)(c) of the VEA.

The effect of this instrument is that people who are in receipt of an income support pension under the VEA will not have their income support payment reduced because of receiving a grant under the Farm Exit Support Program because the payment will not be regarded as income for the purposes of the VEA income test.

Consultation

The Department has worked closely with the Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA) to ensure that this instrument has the same effect as a similar instrument proposed to be executed under the social security law.

This instrument is beneficial to customers because it exempts payments made under the Farm Exit Support Program from the VEA income test. Public consultation was therefore regarded as unnecessary.