



MINISTRY OF SOCIAL DEVELOPMENT

TE MANATŪ WHAKAHIATO ORA

Rural Assistance Payments (RAPs)

Information for Rural Support Trusts

Rural Assistance Payments are available to help meet essential living expenses for farming or horticultural families affected by an adverse event or biosecurity incursion.

This information pack provides information to assist the Rural Support Trust in its work within communities.

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Introduction

Rural Assistance Payments are available to meet essential living expenses for applicants affected by an adverse event or biosecurity incursion. Adverse events or biosecurity incursions include natural disasters, climatic events such as droughts or floods, and foreign pest incursions described as medium or large scale.

Rural Assistance Payment Qualifications

To receive a Rural Assistance Payment a farmer must:

- meet an income and cash asset test
- have an essential need
- not be able to meet the need from their own resources or through other income sources
- be a New Zealand citizen or permanent resident (ie not be in New Zealand unlawfully or on a temporary permit)
- be ordinarily resident in New Zealand.

They must also:

- have a Primary Industry which is in financial difficulty and is not producing sufficient income to meet essential living expenses
- have no other significant income source
- have no cash assets (in excess of the limit) unconnected with the primary based activity that it would be practical to realise.

Applicants receiving New Zealand Superannuation

Generally applicants receiving New Zealand Superannuation (NZS) will not qualify for this payment as their superannuation payment will cover their costs. If an applicant is receiving NZS in their own right and has not included their partner, they should apply to have their partner included in their superannuation, rather than applying for this payment.

The Role of the Agri-facilitator / Rural Support Trust Coordinator

The role of the Agri-facilitator/Rural Support Trust Coordinator is to assist the applicant with their application including ensuring all relevant and supporting documentation is available and included for submission; and to confirm the applicant's financial circumstances; i.e. that:

- the primary industry is their primary source of income or intended to be but the primary industry is in the development stage
- they have no other assets unconnected with the farm operations that could be readily converted into cash, eg shares or term investments
- they have no significant income other than from the Primary Industry of income to support day to day living expenses
- they are unable to meet their need from their own resource or other assistance that might be available to them (for example New Zealand Super).

The Agri-facilitator/Rural Support Trust Coordinator must also sign a statement on the application form confirming that the declaration made by the applicant is an accurate assessment of their financial situation.

Things to consider for the Agri-facilitator/Rural Support Trust Coordinator confirming that the declaration made by the applicant is an accurate assessment of their financial situation:

- proof of earnings and supporting notes for the applicants
- the applicant derives their principal income from the affected Primary Industry
- the affected Primary Industry is in the developmental stage and the applicant intended that their future income would come from it
- the affected Primary Industry is in financial difficulty and is not producing sufficient income to meet essential living expenses without drawing on the equity of the business
- the applicant or partner does not have any other income to support essential living expenses, for example; rental property income, trust income, income from another business interest, capital or income distributions from a Trust
- the applicant is unable to meet their need from their own resources or other assistance that might be available to them (for example New Zealand Super)
- the applicant and/or partner does not have any assets unconnected with the affected Primary Industry which can be readily converted into cash, for example; shares, term investments.

The role of Work and Income

The role of Work and Income is to check the application and all the documentation supplied; complete an assessment on the applicant and their spouse/partner's income; confirm that the applicant meets the eligibility criteria for support and if they do, approve and authenticate the application and make the payments.

Application process

People must complete the application with an Agri-facilitator/Rural Support Trust Coordinator and have all relevant documentation attached. Once the application is reviewed and signed by the Rural Support Trust, the Rural Assistance Payment Coordinator (Work and Income) will contact the applicant to check eligibility and set an appointment for the applicant to bring in all their supporting information, including identification.

The applicant must bring all their supporting information, including identification as described on the front of the application form, to their Work and Income appointment. The application must be supported by the Agri-recovery facilitator/Rural Support Trust Coordinator's statement which confirms the client's financial situation.

How payments are made

Approved applications are granted from the Monday of the week of application.

Payments are made every four weeks in a lump sum.

Clients requiring ongoing assistance need to complete a "Continuation of rural assistance payment application" form every four weeks. This is to confirm that their circumstances haven't changed. Applicants must also provide an up-to-date financial statement at an appointment once every three months as part of the 12 weekly application reviews process.

Note: Payments may be made weekly if the applicant's other income fluctuates. Applicants can phone in their income each week. They still need to reapply every four weeks, and provide an up to date financial statement every three months. This must be verified by the Agri-recovery facilitator/Rural Support Trust Coordinator.

Payments

Payments are equivalent to the current rate of Jobseeker Support at the time of the event or subsequent review. The rates are adjusted on 1 April every year.

Payments are made for up to 52 weeks.

The payment rates (as at 1 April 2016) are:

If you are	Weekly payments
Single, 18 -19 years, at home	\$140.08
Single, 18 -19 years, away from home	\$175.10
Single, 20 - 24 years	\$175.10
Single, 25+ years	\$210.13
Married, civil union or de facto couple (with children)	\$375.20
Married, civil union or de facto couple (without children)	\$350.20
Sole parent, 1+ children	\$325.98

What types of cash assets are considered?

Cash assets mean assets of that person and partner (if any) that can be easily converted into cash and include:

- share, stocks, debentures, bonus bonds, and other bonds
- money in bank accounts, including fixed and term deposits with any bank, friendly society, credit union, or building society
- money invested with or lent to any bank or other financial institution
- the net equity held in any property or land not used as the person's home (except that the net equity in the Primary Industry is not included in the client cash assets)
- building society shares
- mortgage investments and other long term loans
- bills of exchange or promissory notes
- the applicant's share in any partnership.

Cash assets **do not** include:

- personal effects
- motor vehicle principally used by the applicant for private use
- a caravan, boat, or other vehicle with a net equity of less than \$2,000 or which is used by the person or a member of their family for day to day accommodation
- the proceeds from the sale of capital pastoral stock (whether held or not held in any of the assets above)
- shares that are required to access farming services e.g. Ravensdown, Fonterra, Farmlands or Silver Fern Farms
- Any overdraft facility.

Note: This list is not exhaustive. If there are concerns about eligibility the Rural Support Trust Coordinator should contact Work and Income's Rural Assistance Payment Coordinator for clarification.

What are the asset limits?

Below are the asset limits for Rural Assistance Payments. When a couple is assessed as having assets in excess of these amounts, they will not qualify for a Rural Assistance payment.

Family circumstances (as at 1 April 2016)	Asset limit
Single	\$1050.92
Married, civil union or de facto couple (with or without children) and sole parents	\$1751.13

What is considered as income?

Income includes a partner’s income and can be any of the following (note this list is not exclusive):

- self-employed income
- wages and salary
- parental leave payments
- commission work
- goods, services, accommodation in lieu of money
- compensation or damages
- payments from family day care schemes
- honoraria, payments to board of trustee members or local body members
- payments from friendly and like societies
- green dollar trading
- Trust income
- the value of any interest (before income tax) acquired which is not a one-off capital payment
- payments, including capital payments or the value of credits or services received periodically that are made and used for an income-related purposes
- the value of goods, services, transport or accommodation supplied on a regular basis. for example, free board, free rent, an income-related insurance payment
- any income-related insurance payment
- any payment relating to a situation involving a seasonal layoff
- any payment dependent on the completion of either a fixed-term engagement or a contract, for example, a bonus payment for completing work on time
- any payment in lieu of notice terminating employment, for example, four weeks pay in lieu of notice
- any payment (including holiday pay) which, if it had not been made in relation to termination of employment, would have been paid so as to constitute monetary remuneration, for example, accumulated sick leave
- any payment in relation to termination of employment made by a company to any of its directors
- the value of any goods, services, transport or accommodation supplied on a regular basis, before the deduction of income tax
- earnings-related ACC payments received.

Although some forms of income are not taxed they are still considered to be income when applying for Rural Assistance Payment.

Self-employment

Income can also include:

- farm or business income (include drawings)
- drawings taken from the farming or horticultural-based activity in anticipation of a full-year profit
- personal costs/expenses paid from the business bank account on behalf of the applicant

Note: The previous year's financial statements are not usually reviewed, as when the person applies for this assistance they are doing this because their income has reduced significantly or ceased altogether because of the event.

Trusts

Where the applicant and/or their partner has sold or transferred assets, including property, investments, or other valuable resources to a family trust, there may be deprivation of property that can be taken into account in assessing eligibility for Rural Assistance Payments. These may be treated as still being the applicant's assets.

Situations involving assets placed in the ownership of a trust must be considered on a case-by-case basis by Work and Income.

Note: Trusts can affect entitlement to benefit assistance. When forwarding the application, please ensure the Trust Questionnaire has been completed and supply the specified documents. The completed Trust Questionnaire is required before sending the application to Work and Income.

Appendix 1: Essential Living Expenses

Clarification of the term 'essential living expenses' used in Work and Income's application form

Essential living expenses for Rural Assistance Payments may include but are not limited to:

- food
- fuel (including petrol, diesel and oil)
- telephone rental, this may include:
 - internet connection
- motor vehicles costs - repayment and running costs
- essential travel, this may include:
 - employment related travel
 - travel when accessing essential services and supplies (including children's education and groceries)
- power
- accommodation
- childcare costs
- hire purchase expenses for essential household items only, it may also include employment related items. It does not include luxury items such as fishing/jet boats or small planes

Appendix 2: Useful information

Other income assessment

Once the application is received Work and Income complete an assessment of an applicant and their spouse/partner's income. When assessing income the first \$80 gross of the client's income (including income of a spouse or partner) does not affect the rate of the Rural Assistance Payment. Gross income over \$80 reduces the Rural Assistance Payment by \$1.00 for each complete \$1.00 received. Income includes the income of a person and their partner but not the family tax credit payments.

Example

Gross weekly income	\$170.00
less income exemption	\$80.00
excess income (to be deducted from rural assistance payment)	\$90.00

Rural Assistance Payment (couple without children)	\$350.20
less excess income	\$90.00
Weekly Rural Assistance Payment payable	\$260.20

For information on other Work and Income assistance available, call the Work and Income General Enquiries Line on 0800 559 009 or visit Work and Incomes website at www.workandincome.govt.nz

Rural Assistance Payments are not assessable for income tax purposes, and are GST exclusive. Payments will not affect eligibility for family tax credits or other income support benefits.

Appendix 3: Trust Questionnaire

Trusts can affect entitlement to benefit assistance. When forwarding Application, please ensure a Trust Questionnaire is completed for each trust the applicant has an interest in, and the specified documents are supplied.

If the client has a partner or spouse, please supply answers and information that apply to both (i.e. include joint totals and information in your answers).

For Yes/No questions, please circle correct answer

Client Name: _____

Partner Name: _____

Home address: _____

Is their home owned by the Trust? Yes No

Trust Name _____

Date Settled _____

1. Was their home the only asset originally transferred to the trust? Yes No

2. Is their current home the only asset now held by the trust? Yes No

Accommodation Supplement Yes No

3 Are the applicants “renting” or living in a property belonging to the Trust? Yes No

a. Are they applying for Accommodation Supplement? Yes No

b Are they applying for accommodation supplement based on the mortgage/rates/insurance/essential repairs or on the basis of a rent paid to the Trust? Yes No

c If based upon rent, please provide details of how the amount was established (note that as set by the Trustees is not a sufficient answer). Yes No

If the answer to questions 1 and 2 is “yes”, then complete questions 1-3 only

4. Please list all assets (assets include cash) that were originally transferred or sold to the Trust.

Date of sale or transfer	Asset description or address	Value at time of sale or transfer

Please attach the schedule if necessary.

5. If it is not detailed in the financial statements provided to the Ministry, please list all current assets and liabilities of the Trust.

Asset	Description/Address	Current Value

Liabilities	Description/Address	Current Value

6. If the applicant has sold or transferred assets to the Trust, how did the Trust reimburse them for these assets? For example cash, deed of acknowledgement of debt, Other loan or arrangement (please specify).

Asset	Description / Address	Payment method

7. If a deed of acknowledgement of debt (or other loan type arrangement) has been entered into between the applicant and the Trustees:
- a. Is there an ability to demand interest on this?
 - b. If so, is this interest demanded?
 - c. If no interest is being demanded, please explain why,

8. What amount, if any, is still owed by the trust to the applicant?

9. Has any other person or entity transferred, sold or given assets to the Trust? Yes No

If you have answered yes to the above, please provide the following details

Date of acknowledgement	Received from	Asset description or address	Value at the time of transfer

10. Please provide the following details of all distributions of capital and/or income (including drawings, loans and repayments of initial capital and advances), that have been made from the Trust in the last 12 months.

Date	Amount	To whom	Purpose

11. Trust Minutes:

- a. Do the applicants keep minutes detailing Trustee decisions?

- b. Are all Trustees involved in the decision making?

- c. Are these minutes available if requested?

12. If the applicant is a beneficiary of the Trust:

- a. Did the applicant request assistance from the Trustees before seeking assistance from Work and Income?

- b. If they requested assistance, what was the response?

- c. Was the applicant one of the Trustees who responded to the request?

- d. If the applicant has not requested assistance, why not?

Arrange for the applicant to supply copies of the following to accompany the application:

- Trust Deed
- A full set of the most recent Trust financial statements which should include:
 - Profit and Loss/Statement of Financial Performance
 - Balance Sheet/Statement of Financial Position
 - Depreciation schedules
 - Current accounts
 - Equity account
 - Notes to the accounts
- Taxation summary and that of the Trust for the last two years;
- Agreement(s) for sale and purchase of all property, including assets or other investments sold or transferred to the Trust;
- Proof of the valuation of the property (including real estate or investments) at the time of transfer to the Trust
- Documentation detailing the reimbursement for assets listed in answer to question
- Deeds of forgiveness of debt
- Copies of IRD gift statements
- Lease for life documents, including calculations, if applicable

If financial statements are not prepared, please provide details of income and expenditure.