



## Household Stimulus Package Bill 2009

Dale Daniels  
Social Policy Section

### Contents

Purpose. . . . .	2
Background. . . . .	2
Numbers assisted . . . . .	3
Committee consideration. . . . .	4
Key issues. . . . .	4
Main provisions. . . . .	4
Schedule 1 – Training and Learning Bonus and Farmers Hardship Bonus. . . . .	4
Schedule 2 – Education Entry Payment . . . . .	5
Schedule 3 – Back to School Bonus and Single Income Family Bonus . . . . .	6
Schedule 4 – Administrative Scheme for Household Stimulus Payments . . . . .	7
Schedule 5 – Other Amendments . . . . .	7

## Household Stimulus Package Bill 2009

**Date introduced:** 4 February 2009

**House:** House of Representatives

**Portfolio:** Families, Housing, Community Services and Indigenous Affairs

**Commencement:** The day on which the Act receives Royal Assent, except for Schedule 2 Part 1 which commences on 1 January 2009 and Schedule 2 Part 2 which commences on 1 July 2009.

**Links:** The [relevant links](#) to the Bill, Explanatory Memorandum and second reading speech can be accessed via BillsNet, which is at <http://www.aph.gov.au/bills/>. When Bills have been passed they can be found at ComLaw, which is at <http://www.comlaw.gov.au/>.

### Purpose

To provide a series of bonus payments to certain recipients of income support and family assistance payments as part of the Governments' Nation Building and Jobs Plan.<sup>1</sup>

### Background

The background to the Nation Building and Jobs Plan is examined in the Bills Digest for the Appropriation (Nation Building and Jobs) Bill (No. 1) 2008-2009.

This Bill provides for a series of one off cash payments to people who are receiving a range of payments under the *Social Security Act 1991* (SSA) and the *Family Assistance Act 1999* (FAA) on 3 February 2009. All of the payments are of \$950 and will be paid, subject to the Bill being passed in the near future, in most cases in March 2009 at a cost of \$4.584 billion. The payments are:

- **Training and Learning Bonus** - This bonus is for senior secondary or tertiary students receiving a range of education assistance payments or Family Tax Benefit

---

1 Hon. Kevin Rudd (Prime Minister), *\$42 Billion Nation Building and Jobs Plan*, media release, 3 February 2009, at [http://www.pm.gov.au/media/Release/2009/media\\_release\\_0784.cfm](http://www.pm.gov.au/media/Release/2009/media_release_0784.cfm). Accessed 9 February 2009. A comprehensive document, *Updated Economic and Fiscal Outlook*, which deals with the Plan is on the Australian Government Budget website at [http://www.budget.gov.au/2008-09/content/uefo/download/Combined\\_UEFO.pdf](http://www.budget.gov.au/2008-09/content/uefo/download/Combined_UEFO.pdf). Accessed 9 February 2009.

**Warning:**

*This Digest was prepared for debate. It reflects the legislation as introduced and does not canvass subsequent amendments.*

*This Digest does not have any official legal status. Other sources should be consulted to determine the subsequent official status of the Bill.*

part A (aged 21 to 24 years) plus recipients of Sickness Allowance and Special Benefit.

- **Farmers Hardship Bonus** - This bonus is for people receiving Exceptional Circumstances Relief Payment, Farm Help Income Support, Transitional Income Support or Interim Income Support. It will potentially be paid in the fortnight commencing 24 March 2009.
- **Education Entry Supplement** - This payment will go to people receiving Education Entry Payment between 1 January 2009 and 30 June 2010. The qualification period for receipt of Education Entry Payment will be reduced from 12 months to 4 weeks of continuous receipt of an income support payment during the period 1 January 2009 until 30 June 2010. Eligibility for the Education Entry Payment will also be extended during this period to Youth Allowance (Other) recipients who are not full-time students.
- **Back to School Bonus** - This Bonus is for each child aged 4 to 18 years who qualifies for Family Tax Benefit part A on 3 February 2009. It will also be paid to recipients of Disability Support Pension and Carer Payment who are aged under 19 years on 3 February 2009. It will potentially be paid in March.
- **Single Income Family Bonus** - This Bonus will potentially be paid in the fortnight commencing 11 March to families qualifying for Family Tax Benefit part B on 3 February 2009.

Numbers assisted<sup>2</sup>

Payment	Numbers assisted
<b>Training and Learning Bonus and the Education Entry Supplement</b>	440,000 students
<b>Farmers Hardship Bonus</b>	21,500 people
<b>Back to School Bonus</b>	2.76 million children
<b>Single Income Family Bonus</b>	1.5 million families

2 Hon. Wayne Swan MP, Treasurer, '\$950 One-off Cash Bonus to Support Jobs', *Media Release*, 3 February 2009.

**Warning:**

*This Digest was prepared for debate. It reflects the legislation as introduced and does not canvass subsequent amendments.*

*This Digest does not have any official legal status. Other sources should be consulted to determine the subsequent official status of the Bill.*

## Committee consideration

The Bill has been referred to the Senate Finance and Public Administration Committee for inquiry and report by 10 February 2009. Details of the inquiry are at [http://www.aph.gov.au/senate/committee/fapa\\_ctte/stimulus\\_package/index.htm](http://www.aph.gov.au/senate/committee/fapa_ctte/stimulus_package/index.htm).

## Key issues

One-off payments targeted at specific groups are inevitably criticised on equity grounds. People who do not qualify often feel that they are just as deserving of assistance as some of those who did qualify. The payments in this Bill are all provided to people receiving income tested payments. However these bonuses and the Tax Bonus for Working Australians are only partially aimed at those doing it tough at present. The emphasis on supporting education and stimulating the economy in the package of payments and in the broader nation Building and Jobs Plan is clear.

In addition the targeting of these new payments is meant to complement the one off payments provided under the Economic Security Strategy in December 2008. They were strongly targeted at pensioners, carers, self-funded retirees and families with children.<sup>3</sup>

However there are groups of low and middle income people who will either not receive a bonus or receive several bonuses from the two packages of bonus payments. The long term unemployed people without children for example miss out completely while the design of the package gives two bonus payments to students receiving income support who are also tax payers. Families with dependent children who are also single income families will have receive two or more bonus payments from this Bill alone.

## Main provisions

Schedule 1 – Training and Learning Bonus and Farmers Hardship Bonus

**Item 3** inserts **new Part 2.18** into the *Social Security Act 1991*. **New Division 1** sets out the qualification requirements and the amount of the Training and Learning Bonus.

The bonus goes to people receiving one of the following payments on 3 February 2009:

- Youth Allowance if a full-time student or an apprentice,
- Austudy Payment,

---

3 For details see the Bill Digest for the Social Security and Other Legislation Amendment (Economic Security Strategy) Bill 2008 at: <http://www.aph.gov.au/Library/pubs/bd/2008-09/09bd063.pdf> (accessed on 6 February 2009).

### **Warning:**

*This Digest was prepared for debate. It reflects the legislation as introduced and does not canvass subsequent amendments.*

*This Digest does not have any official legal status. Other sources should be consulted to determine the subsequent official status of the Bill.*

- Special Benefit if under age pension age,
- Sickness Allowance,
- An Abstudy living allowance,
- Veterans' Children Education Scheme allowance,
- Military Rehabilitation and Compensation Act Education and Training Scheme allowance, or
- Family Tax Benefit part A (FTBA) if a full –time student aged 21 to 24 years.

It should be noted that students eligible for FTBA aged 19 and 20 years will not be eligible for this bonus or for the Back to School Bonus provided in Schedule 3. This appears to be an omission given that all other students receiving income tested payments are provided with a bonus payment. This apparent gap in coverage is not commented upon in the Explanatory Memorandum.

Provision is made to ensure that only one bonus is paid for each eligible person.

**New Division 2** sets out the qualification requirements and amount of the Farmers Hardship Bonus. The Bonus will be paid people who received one of the following payments under the *Farm Household Support Act 1992* on 3 February 2009:

- Exceptional Circumstances Relief,
- Farm Help Income Support,
- Exceptional Circumstances Interim Income Support, or
- Transitional Income Support.<sup>4</sup>

#### Schedule 2 – Education Entry Payment

**Items 1 to 7** reduce the period that a person must be in receipt of income support in order to receive an Education Entry Payment (EEP) from 12 months to 4 weeks for the period 1 January 2009 to 30 June 2010.

**Item 8** inserts **new Division 12A** which provides for eligibility for EEP for Youth Allowance (other) recipients. These Youth Allowees are unemployed young people or part-time students. This change will apply from 1 January 2009 until 30 June 2010.

---

4 For more detail on these payments see the Centrelink site at: <http://www.centrelink.gov.au/internet/internet.nsf/Payments/index.htm> (accessed on 6 February 2009)

**Warning:**

*This Digest was prepared for debate. It reflects the legislation as introduced and does not canvass subsequent amendments.*

*This Digest does not have any official legal status. Other sources should be consulted to determine the subsequent official status of the Bill.*

**Item 9** adds **new Division 14** which sets out the qualification requirements and the amount of the Education Entry Payment Supplement. It will be paid to EEP recipients between 1 January 2009 and 30 June 2010.

Schedule 3 – Back to School Bonus and Single Income Family Bonus

**Item 3** inserts **new Part 7** into the *A New Tax System (Family Assistance) Act 1999*. **Division 1** of this part sets out the qualification requirement and the amount of the Back to School Bonus.

**New section 95** provides for the bonus to be paid for each child eligible for FTBA aged between 4 and 18 years inclusive on 3 February 2009. Provision is made to ensure that people who claim FTBA in arrears in their tax return will receive the bonus along with their FTBA entitlement. People receiving FTBA on a fortnightly basis will potentially be paid the bonus during March 2009.<sup>5</sup>

**New section 98** provides for the bonus to be paid to young people receiving Carer Payment or Disability Support Pension where they are aged under 19 years on 3 February 2009.

**Division 2** of **new Part 7** sets out the qualification requirement and the amount of the Single Income Family Bonus.

**New section 101** provides for the payment of the bonus to people eligible for Family Tax Benefit part B (FTBB) on 3 February 2009. Provision is made to ensure that people who claim FTBB in arrears in their tax return will receive the bonus along with their FTBB entitlement. People receiving FTBA on a fortnightly basis will potentially be paid the bonus during March 2009.<sup>6</sup>

**Item 7** inserts **new section 71K** into the *A New Tax System (Family Assistance) (Administration) Act 1999*. The section provides that a debt will only arise with regard to a payment of Back to School Bonus or Single Income Family Bonus if the claimant knowingly made a false or misleading statement or knowingly provided false information.

---

5 Family Tax Benefit part A is a payment for each dependent child in families that qualify under an income test. Qualification ceases where family income exceeds about \$100,000 per annum with one child (the exact limit is dependant on the age of the child). For larger families qualification can continue up to much higher incomes depending on the number and age of the children. For example a family with three aged 0-17 years will cease to qualify at an income of about \$122,000 per annum.

6 Family Tax Benefit part B is a per family payment for families with one parent largely engaged in child caring. It is income tested so that families where the higher income earner has an income of over \$150,000 per annum do not qualify. The parenting with the lower income must earn less than \$22,995 per annum if the youngest child is aged under five years or \$17,904 if the youngest is aged five years or more.

**Warning:**

*This Digest was prepared for debate. It reflects the legislation as introduced and does not canvass subsequent amendments.*

*This Digest does not have any official legal status. Other sources should be consulted to determine the subsequent official status of the Bill.*

This ensures that people who lose FTB eligibility because they under estimated their income for the 2008-09 year but did not do so knowingly will not lose their bonus once their actual income is established by the ATO in late 2009.

#### Schedule 4 – Administrative Scheme for Household Stimulus Payments

This schedule allows the establishment by legislative instrument of an administrative scheme to provide payments to people who miss out under this bill where it is considered that they were inappropriately excluded. The scheme would be subject to parliamentary scrutiny and disallowance processes.

This is a common feature of legislation that provides one-off payments. It ensures that groups who are not included initially in the eligibility conditions can be added without the need to introduce a new Bill to Parliament.

#### Schedule 5 – Other Amendments

This schedule provides that the payments will not be counted for income testing purposes and that they will not be income for income tax purposes.

It also provides that where the payments are provided to people subject to the income management regime the whole amount will be credited to the persons income management account rather than being paid as cash.<sup>7</sup>

---

7 “Income Management is a practical measure to assist customers to meet essential household needs and expenses. It does not reduce a customer’s entitlements, rather it sets aside a percentage of certain income support and family payments to be spent on priority goods and services such as food, housing, clothing, education and health care. Customers cannot purchase alcohol, tobacco, prohibited material or gambling products with income managed money. Customers receive the remaining part of their payments as usual, and have total discretion to spend that money as they wish. Income Management is used to support the following welfare payments reform measures:

- Northern Territory Emergency Response
- Cape York Trial
- Child Protection.”

From the Centrelink website at:

[http://www.centrelink.gov.au/internet/internet.nsf/individuals/income\\_mgt\\_customer.htm](http://www.centrelink.gov.au/internet/internet.nsf/individuals/income_mgt_customer.htm)  
(accessed 10 February 2009)

**Warning:**

*This Digest was prepared for debate. It reflects the legislation as introduced and does not canvass subsequent amendments.*

*This Digest does not have any official legal status. Other sources should be consulted to determine the subsequent official status of the Bill.*

© Copyright Commonwealth of Australia

This work is copyright. Except to the extent of uses permitted by the *Copyright Act 1968*, no person may reproduce or transmit any part of this work by any process without the prior written consent of the Parliamentary Librarian. This requirement does not apply to members of the Parliament of Australia acting in the course of their official duties.

This work has been prepared to support the work of the Australian Parliament using information available at the time of production. The views expressed do not reflect an official position of the Parliamentary Library, nor do they constitute professional legal opinion.

Feedback is welcome and may be provided to: [web.library@aph.gov.au](mailto:web.library@aph.gov.au). Any concerns or complaints should be directed to the Parliamentary Librarian. Parliamentary Library staff are available to discuss the contents of publications with Senators and Members and their staff. To access this service, clients may contact the author or the Library's Central Entry Point for referral.

---

Members, Senators and Parliamentary staff can obtain further information from the Parliamentary Library on (02) 6277 2410.

**Warning:**

*This Digest was prepared for debate. It reflects the legislation as introduced and does not canvass subsequent amendments.*

*This Digest does not have any official legal status. Other sources should be consulted to determine the subsequent official status of the Bill.*