

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Supplementary Estimates 25-26 February 2009

Question: aet 65

Topic: Stimulus Package Payments

Hansard Page: E107 (25 February 2009)

Senator COONAN asked:

Senator COONAN—I wanted to ask some questions, which I was told by Macroeconomic Group, in particular Dr Gruen, were questions for you. Was there a formula—or what was it?—to decide the optimal amount of cash each person should receive under the recent stimulus package? I suppose another roundabout way of asking is why \$900—

Senator ABETZ—The Greens amended that from \$950.

Senator COONAN—I was about to say \$950.

McCullough—The difficulty we have is that notwithstanding that Dr Gruen might have said that, the question of the handing-out part of the Treasury portfolio is ordinarily dealt with by the Fiscal Group. The tax part does the bringing in. So it really should be the fiscal—

Answer:

The size of the stimulus package and individual measures was ultimately a decision for Government, based on Treasury advice.

Treasury provided advice on different options which could be scaled up or down.

Senator COONAN asked:

Senator COONAN—See if this question is appropriate for you. How many Australians will receive benefits from this package and what is the distribution of the benefits?

Ms Mrakovcic—What do you mean when you say ‘this package’?

Senator COONAN—The stimulus package, \$42 billion, and that part of it that relates to the \$950 or \$900.

Ms Mrakovcic—We would have to take that question on notice but I do note that we provided an answer to a similar question which basically noted that overall out of those with incomes under \$100,000 it was estimated that 94 per cent would be eligible for at least one bonus payment when one considered the economic security package and the Nation Building and Jobs Plan, together.

Answer:

It is estimated that around 94 per cent of adult Australians (not including full-time students aged under 25 living at home) with incomes under \$100,000 would be eligible for at least one bonus payment under either the Economic Security Strategy or the Nation Building and Jobs Plan.

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Supplementary Estimates 25-26 February 2009

Senator COONAN asked:

Senator COONAN—What is the most that an individual and a family can receive from this package and how many individuals and families are expected to collect the maximum amount?

Ms Mrakovcic—I think that question again is probably more appropriately put to Fiscal Group. We can take it on notice. I do know that some of the measures descriptions in the UEFO document actually indicate for certain types of payments how many families and individuals are expected to benefit. We can see what other information we can pull together. We can talk to our Fiscal Group colleagues.

Answer:

Eligibility for a payment under the Nation Building and Jobs Plan were targeted to recipients of Australian income support through the tax and transfer system to ensure that the payments were simple to administer and, most importantly, were able to be implemented quickly. The most effective fiscal policy measures are those that are timely and targeted to those who are most likely to spend additional income, to ensure the boost to demand occurs when it is most needed. The Tax Bonus was based on net tax liability for the 2007-08 income year.

Examples of situations in which an individual or family could receive more than one payment are below. It should be noted, that the greater the number of children of school age, the greater the potential payment will be under the Nation Building and Jobs Plan.

Individual: Student on Youth Allowance who works part-time may receive a \$900 Tax Bonus and a \$950 Training and Learning Bonus, totalling \$1,850.

Family: Dual-income family with two school aged children (2x\$900 Tax Bonus, \$900 Single-Income family bonus (lower income earner has income less than \$22,995 pa), 2x\$950 Back to School Bonus), totalling \$4,600.

Providing specific details of the largest amount received by specific individual customers would require a new, custom-built data extraction and would not be possible without breaching privacy provisions.

Senator COONAN asked:

Senator COONAN—If you can answer this do, if not, take it on notice. If someone earned say \$10,000 in 2007-08 what bonus would they get?

Ms Mrakovcic—We will have to take that on notice. But I will say that it may very well depend on the precise circumstances of that individual. You would really need to know the composition of the income and what their particular family circumstances would be. I simply note that it may be very difficult for us to actually be able to answer that question at a very high level.

Answer:

The answer to this question depends on the precise circumstances of the individual.

If the person lodged a 2007-08 tax return (or does so by 30 June 2009) and had a net tax liability for 2007-08, the person may be eligible to receive the Tax Bonus of up to \$900.

If the person was in receipt of Family Tax Benefit Part B on 3 February 2009, they would be entitled to the Single-Income Family Bonus.

If the person was in receipt of Family Tax Benefit Part A with school aged children (aged 4-18) on 3 February 2009, they would be entitled to the Back-to-School Bonus for each school aged child.

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Supplementary Estimates 25-26 February 2009

The person may be eligible for a one-off \$950 lump sum Training and Learning Bonus (Category 1) if at 3 February 2009 they were an eligible recipient of Youth Allowance (student and apprentices); Austudy; ABSTUDY and other student and related payments (Sickness Allowance and Special Benefit (under age pension age)).

Alternatively, if the person was an existing Education Entry Payment (EdEP) recipient, they may be entitled to the temporary supplement of \$950. EdEP is currently paid to a range of social security recipients who are commencing study, including Newstart Allowance and Parenting Payment Partnered recipients.

If the individual received the Government's Back to School Bonus they are not eligible for the one-off \$950 Training and Learning Bonus (Category 1). However, they are not precluded from receiving the EdEP temporary supplement if they received either of the one-off payments.

If the person was in receipt of Exceptional Circumstances related income support on 3 February 2009, they may be eligible for a Farmer's Hardship Bonus of \$950.

Senator ABETZ asked:

Senator ABETZ—How many recipients or beneficiaries do we think are living overseas? I asked that question at the finance and public administration committee looking into the package and that question was taken on notice. Has an answer emerged as yet? It has all been passed and I just want to know how much of the Australian economic stimulus package is going to be spent on the Greek islands, a great assistance no doubt to Australian jobs?

Ms Mrakovcic—I think we will have to take that on notice.

Answer:

According to data from Centrelink, Family Tax Benefit recipients of a Bonus that were overseas on the date they were paid their Bonus include:

- 15,817 people who received the Back to School Bonus
- 12,965 people who received the Single-Income Family Bonus
- Approximately 660 people who received the Training and Learning Bonus

No data was able to be produced on the number of recipients who were overseas for the Farmer's Hardship Bonus although Centrelink estimate that it would be very minimal (as in less than 10 people).

No data is available on the number of Disability Support Payment and Carer Payment recipients aged under 19 years who were overseas at the time they received a Back to School Bonus payment.

The total number of Family Tax Benefit recipients of a Bonus is 2,833,150. The proportion of these recipients that were overseas at the time they received their payment represents approximately 1 per cent.

These figures represent the number of Family Tax Benefit recipients to receive a Bonus from Centrelink from between 9 March and 30 April 2009.

The Australian Taxation Office has provided the answer to this question, where it relates to the Tax Bonus, in Question No. 1435.