Fact Sheet
2009 Updated Economic and Fiscal Outlook

Household Stimulus Package

The Government will provide $12.2 billion to assist households and support economic growth in 2008-09. The measures will strengthen the national economy and provide financial assistance to Australian households, given the risk of a deep and prolonged global economic slowdown.

Household financial assistance is being provided through immediate tax relief and transfer payments to ensure timely assistance to households to stimulate consumption and support private demand. It is necessary to provide households immediate assistance to kick start stimulatory activity until direct Government investment measures take effect.

The package is designed to provide widespread support to low- and middle-income earners and households that are most affected by the slowdown. The package is a significant economic measure to deal with extraordinary times and is in addition to the Economic Security Strategy delivered in December 2008 to support as many households as possible.

The package of measures includes:

- A **Tax Bonus for Working Australians** of up to $900 for eligible taxpayers, depending on income thresholds.
- A **Single-Income Family Bonus** of $900 to provide additional assistance for families that have one main income earner and may otherwise receive less assistance from the package than dual income families with similar household income.
- A **Farmer's Hardship Bonus** of $950 which will be paid to farmers and others receiving Exceptional Circumstances related income support.
- A **Training and Learning Bonus** of $950 to assist students, those returning to study or training, and some income support recipients.
- A **Back to School Bonus** of $950 per child to assist low- and middle-income families eligible for Family Tax Benefit A with school-age children.

Questions and Answers

Who will this package assist?
• The package will provide widespread assistance to low- and middle-income households to support economic growth and jobs.
• Around 8.8 million (just under 80 per cent of) families and singles are expected to receive payments under the household stimulus package.
• Around 10.6 million families and singles are expected to receive at least one payment from the Economic Security Strategy and the household stimulus package.
• Details of recipients for each Bonus are detailed in separate fact sheets.

When will people benefit from this assistance?

• The Tax Bonus for Working Australians will be paid as a lump sum of up to $900 and will be paid to eligible taxpayers from April 2009. Taxpayers will not need to apply for the payment. The Australian Taxation Office will automatically make the payment after determining eligibility.
• For the majority of recipients, the payments for the Single-Income Family Bonus and the Back to School Bonus will be made automatically by Centrelink in the fortnight commencing 11 March 2009.
• The payment of the Farmer's Hardship Bonus will be made automatically by Centrelink in the fortnight commencing 24 March 2009.
• For the majority of recipients, the one-off $950 component of the Training and Learning Bonus will be made automatically by Centrelink in the fortnight commencing 24 March 2009.
• The temporary increase in the Education Entry Payment will be made by Centrelink as claims are made.
  o For eligible Education Entry Payments made prior to 24 March 2009 the payment of the temporary increase will be made automatically by Centrelink from 24 March 2009.
• See separate fact sheets for details on payments in certain other circumstances.

Why has the Government lowered the Tax Bonus for Working Australians and Single-Income Family Bonus by $50?

• The Government has made some amendments to the Nation Building and Jobs Plan to ensure the passage of this important Plan. This includes making some changes to the size of some of the targeted payments – to ensure the package remains fiscally responsible.
• This adjustment balances the requirement for fiscal responsibility with the need to deliver fiscal stimulus now.
• This does not fundamentally alter the balance, the intentions, or the careful design of the package.
$900 Tax Bonus for Working Australians

The Government will provide eligible taxpayers with a tax bonus payment of up to $900.

The bonus will be available to Australian resident taxpayers who paid net tax in the 2007-08 financial year.

Taxpayers will not need to apply for the payment. The Australian Taxation Office will make the payment to taxpayers after determining eligibility for the 2007-08 financial year.

Taxpayers must lodge their tax returns for the 2007-08 financial year by 30 June 2009 to be eligible.

This measure will benefit around 8.7 million taxpayers.

Questions and Answers

Who will be assisted?

- Australian individuals who are residents for taxation purposes who have a net tax liability after considering their:
  - tax payable;
  - Medicare levy and Medicare levy surcharge;
  - less any offsets or imputation credits they received for the year.
- The amounts of these elements are set out in the taxpayer's Notice of Assessment.

How much is the bonus?

- A $900 bonus will be paid to taxpayers with taxable income up to and including $80,000.
- A $600 bonus will be paid to taxpayers with income exceeding $80,000 to $90,000.
- A $250 bonus will be paid to taxpayers with income exceeding $90,000 to and including $100,000.

When and how will it be paid?

- Payments will begin being made from April 2009 for those who have lodged a 2007-08 tax return.
- Taxpayers will not need to apply for the payment. The Australian Taxation Office will make the payment to taxpayers after determining eligibility for the 2007-08
financial year. The vast majority of taxpayers have already lodged their tax returns.

- Taxpayers who have not already lodged their 2007-08 income tax return should do so by the end of June 2009 to obtain the bonus.
- The bonus will be a direct payment to taxpayers including through electronic transfer or cheque. The bonus will not be used to offset a taxpayer's tax liability.

**Why has the Government lowered the Bonus by $50?**

- The Government has made some amendments to the Nation Building and Jobs Plan to ensure the passage of this important Plan. This includes making some changes to the size of some of the targeted payments – to ensure the package remains fiscally responsible.
- This adjustment balances the requirement for fiscal responsibility with the need to deliver fiscal stimulus now.
- This does not fundamentally alter the balance, the intentions, or the careful design of the package.
Fact Sheet
2009 Updated Economic and Fiscal Outlook

Single-Income Family Bonus

The Government is providing additional financial assistance to families who rely on one main income earner. This includes, sole parent families and two-parent families where one parent chooses to stay at home or balance some paid work with caring for children.

The Bonus will be a one-off payment of $900 per family to every family entitled to Family Tax Benefit Part B (FTB-B), irrespective of the number of children. The one-off payment will be made in the fortnight commencing 11 March 2009 for families who receive their family assistance as fortnightly instalments.

Questions and Answers

Who will this payment assist?

- It is expected that around 1½ million families entitled to FTB-B on 3 February 2009 will benefit from the Single-Income Family Bonus.

How much is the payment?

- The payment is $900 for each eligible family. It will not be taxable or included for social security income-testing purposes.

When and how will it be paid?

- The one-off Bonus will be automatically paid by Centrelink in the fortnight commencing 11 March 2009 for families who receive their family assistance as fortnightly instalments, or as soon as practicable thereafter.
- For families who receive their family payments as a lump sum at the end of the financial year, the one-off payment will be made with the rest of their FTB-B payment. The timing of these payments will depend on when families claim.

Some families will also benefit from the Tax Bonus for Working Australians, why are additional payments being made to these families?

- A payment to FTB-B entitled families will provide additional support to families who rely on one main income earner. Dual income households with similar incomes will generally receive the benefit of two Tax Bonuses.

Will separated parents who are not the primary carer of a child receive the payment?
• Family Tax Benefit is paid to the parent who is the primary carer of a child. This payment will go to that parent. Normal rules that apply to the sharing of Family Tax Benefit will apply to this payment, that is, where there is shared care, and a parent has at least 35 per cent of care, the payment will be shared according to the percentage of care.

What is the family income cut off for FTB-B?

• FTB-B is limited to families (single parent or couple) where the primary earner has an adjusted taxable income of $150,000 per year or less.
• Single parents automatically receive the maximum amount of FTB-B if they have an income of $150,000 per year or less.
• For two-parent families where the highest income earner has an income of $150,000 per year or less, it is the income of the lower earner that affects how much FTB-B the family will receive.
• Eligible two-parent families can still receive some FTB-B if:
  o their youngest child is aged under five years and the lower earner has income less than $22,995 per annum; or
  o their youngest child is aged between five and 18 years and the lower earner has income less than $17,904 per annum.

Can the payment be income managed?

• The legislation enabling the one-off payment will also ensure that where a person's government payments are income managed, the one-off payment will be managed.

Why has the Government lowered the Bonus by $50?

• The Government has made some amendments to the Nation Building and Jobs Plan to ensure the passage of this important Plan. This includes making some changes to the size of some of the targeted payments – to ensure the package remains fiscally responsible.
• This adjustment balances the requirement for fiscal responsibility with the need to deliver fiscal stimulus now.
• This does not fundamentally alter the balance, the intentions, or the careful design of the package.
Fact Sheet
2009 Updated Economic and Fiscal Outlook

Farmer's Hardship Bonus

The Government will make a one-off payment of $950 to assist farmers experiencing hardship due to drought conditions and others receiving Exceptional Circumstances related income support.

The Bonus will provide immediate financial support to farmers who are most in need and who may not have sufficient taxable income to benefit from the Tax Bonus.

It is estimated that this measure will benefit around 21,500 recipients of drought relief related income support. The measure will cost $20.4 million in 2008-09.

Questions and Answers

Who is eligible?

- Eligible recipients will be those who on 3 February 2009 are in receipt of:
  - Exceptional Circumstances Relief Payment for Farmers;
  - Interim Income Support for Farmers;
  - Exceptional Circumstances Relief Payment for Small Business;
  - Interim Income Support for Small Business;
  - Transitional Income Support; and
  - Farm Help Income Support.

How much is the bonus?

- The payment is $950 for each recipient. A single bonus of $950 will be paid to eligible households, irrespective of whether the eligible payment they receive is paid at a single or couple rate.
- It will not be taxable or counted as income for income support purposes.

When and how will it be paid?

- The payment will be made automatically by Centrelink in the fortnight commencing 24 March 2009.
- Eligible recipients do not need to contact Centrelink to receive a payment. Payment will be automatic.
Fact Sheet
2009 Updated Economic and Fiscal Outlook

Training and Learning Bonus

The Government's $511.2 million Training and Learning Bonus provides a one-off bonus to eligible student social security recipients to assist with the costs for the 2009 academic year.

This will cover students undertaking approved courses that generally include secondary education courses, undergraduate courses, associate diplomas and some other diplomas, TAFE courses and some postgraduate courses.

The Training and Learning Bonus consists of two categories:

**Category 1**

- The one-off $950 bonus (for 2009 only) for recipients at 3 February 2009 of: Youth Allowance (student and apprentices); Austudy; ABSTUDY and other student and related payments (Sickness Allowance and Special Benefit (under age pension age)).
- If a student attracts the Government's Back to School Bonus they are not eligible for the one-off $950 Learning and Training Bonus.

**Category 2 (Applies from 1 January 2009 to 30 June 2010)**

- A temporary supplement to the Education Entry Payment (EdEP) of $950. This is in addition to the existing EdEP payment of $208. EdEP is currently paid to a range of social security recipients who are commencing study, including Newstart Allowance and Parenting Payment Partnered recipients.
- A temporary extension of EdEP to Youth Allowance (other) recipients and relaxation of eligibility to a one month qualifying period for all eligible recipients.

Questions and Answers

**How much is the payment? When and how will it be paid?**

**Category 1**

- The lump-sum bonus is $950. It will be paid to eligible recipients by Centrelink in the fortnight beginning 24 March 2009.
• Those eligible for the supplement through EdEP will receive $950 on top of the existing EdEP payment (currently $208). This means they will receive a total repayment of $1158.
• Those eligible for the EdEP bonus will receive it when they receive their EdEP payment. If you have already received your EdEP payment you will receive the supplement from 24 March 2009.

Who will receive the Training and Learning Bonus?

Category 1

• A one-off $950 lump sum will be provided to eligible recipients at 3 February 2009 of:
  o Youth Allowance (student and apprentices);
  o Austudy;
  o ABSTUDY;
  o Payments under the Veterans' Children Education Scheme (VCES);
  o Payments under the Military Rehabilitation and Compensation Act Education and Training Scheme (MRCAETS); or
  o Families entitled to Family Tax Benefit Part A (FTB-A) for each eligible dependent full-time student aged 21 to 24 years, (on the date of announcement) or who were subsequently determined to be entitled to receive FTB-A on the date of announcement.
• The one-off bonus will also be available to recipients of Sickness Allowance and Special Benefit (under Age Pension age).

Category 2

• From 1 January 2009 until 30 June 2010 recipients of the EdEP will receive an additional $950 payment on top of the $208 they would have received, eligibility to EdEP will be extended to Youth Allowance (other) recipients and the qualifying period for all eligible recipients will be reduced from 12 to 1 month.

What happens if I enrol in full time study after 3 February 2009?

• Under the provisions of the Household Stimulus Bill, the Minister will be able to grant a payment to those that sit within the intent of the legislation through an administrative scheme.
• The administrative scheme's intent is to ensure that all those who enrol in and commence full time study this semester who are granted one of the qualifying student income support payments (that is, Youth Allowance, Austudy or ABSTUDY Living Allowance) after 3 February 2009 receive a bonus. This will assist students intended to be in scope who have not qualified for a Bonus under the legislative provisions.
• The Government will also ensure that full time postgraduate students receiving Australian Postgraduate Awards (stipends) this semester receive a Training and Learning Bonus payment through an administrative scheme.

Can an individual receive both the Back to School Bonus and the Training and Learning Bonus?

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

What is the Education Entry Payment (EdEP)?

• The EdEP is a payment available to some social security recipients to assist them with the costs of returning to study.
• Recipients of the following payments may qualify for an EdEP: Newstart Allowance; Parenting Payment Partnered; Youth Allowance (other) recipients (from 1 January 2009 to 30 June 2010); Partner Allowance; Widow Allowance; Carer Payment (adult); Carer Payment (child); Disability Support Pension; Parenting Payment Single; Special Benefit (in certain circumstances); Widow B Pension; or Wife Pension.

What are the qualification requirements for the $950 EdEP supplement?

• The $950 supplement is available to recipients of EdEP from 1 January 2009. If an individual received a payment before this date they will not receive the supplement this calendar year, however, if they are eligible to claim the EdEP before 30 June 2010 they will receive the supplement when they next claim.

What courses does EdEP apply to?

• If a person is an eligible social security recipient for EdEP, and they have commenced or intend to commence a course of education that is approved, they may qualify for EdEP.
• In general an approved course includes secondary education courses, undergraduate courses, associate diplomas and some other diplomas, TAFE courses and some postgraduate courses.
• Qualifying for the EdEP payment differs depending on the social security payment the recipient receives.
• The Government therefore encourages individuals to contact Centrelink to discuss whether they are eligible for an EdEP payment.

Can the recently unemployed get a bonus?
• If an individual has been on Newstart or Youth Allowance (other) continuously for 1 month they may be eligible to receive the bonus, if they intend to commence a course of education.
• The Government has temporarily (from 1 January 2009 to 30 June 2010) relaxed the requirement that an individual must have been receiving an eligible social security payment from 12 months to 1 month.

How will the payments be treated for taxation and social security purposes?

Category 1

• This payment is non-taxable and will not be treated as income for social security purposes.

Category 2

• This supplement is non-taxable and will not be treated as income for social security purposes. The base EdEP payment of $208 will remain taxable and treated as income for social security purposes.
Fact Sheet
2009 Updated Economic and Fiscal Outlook

Assistance With Education - Back To School Bonus

The Rudd Government will invest $2.6 billion to help families with the costs of education in the 2009 academic year.

The Back to School Bonus is expected to assist 2.8 million children aged 4 to 18 in just over 1.2 million families across Australia receiving Family Tax Benefit Part A (FTB-A).

Questions and Answers

Who will receive the Back to School Bonus?

- Families with children of school age eligible for FTB-A on 3 February 2009 (or who are subsequently determined to be entitled to receive FTB-A on 3 February 2009) will receive the Back to School Bonus for each eligible school aged child (aged 4 to 18 on 3 February 2009).
- Families with dependents in receipt of Youth Allowance (students and apprentices), Austudy or ABSTUDY will receive the Training and Learning Bonus (see Training and Learning Bonus Fact Sheet).
- Families with a dependent full-time student aged 21 to 24 years that are eligible to receive FTB-A on the date of announcement (or who were subsequently determined to be entitled to receive FTB-A on the date of announcement) will be eligible for the Training and Learning Bonus.
- Qualifying full-time students aged 19 or 20 will not receive the Back to School Bonus or the Training and Learning Bonus, but will be eligible to receive a $950 payment through an administrative scheme.

How much is the payment?

- The Back to School Bonus is a one-off lump sum payment of $950 per eligible child.

When and how will it be paid?

- For those eligible beneficiaries receiving FTB-A as a fortnightly payment, Centrelink will pay the $950 bonus from the fortnight commencing 11 March 2009.
A small number of eligible families receive FTB-A as a lump sum. For these families, the Back to School Bonus will be paid in 2009-10 or 2010-11, after their 2008-09 tax returns have been processed by the Australian Taxation Office.

**What if I don't claim FTB-A fortnightly?**

- Most families receive their FTB-A fortnightly; these recipients will receive their one-off payment from the fortnight beginning 11 March 2009.
- If you elect to receive FTB-A as a lump sum, your payment will coincide with the processing of your tax assessment, so the bonus will be paid once your 2008-09 tax returns are lodged and assessed — payment will therefore be in the 2009-10 financial year.
- Families who elect the receive FTB-A as a lump sum may decide to alter their payment arrangements at any time by notifying Centrelink. They will be paid their one-off payment once these arrangements have been made.
- Under existing rules, families have a window of two years to claim their FTB-A lump sum payment.

**What if I have more than one child of school age?**

- You will receive the payment for each child eligible for the payment. For example a family with two children of school age, eligible for FTB-A on 3 February 2009 will receive $1900.

**How does this interact with the Education Tax Refund?**

- The Back to School Bonus is in addition to assistance for education expenses that is available through the Education Tax Refund (ETR). Families entitled to FTB-A in respect of children undertaking primary or secondary school studies for the relevant financial year are also eligible for the ETR.
- Under the ETR eligible families will be able to claim:
  - a 50 per cent refundable tax offset every year for up to $750 of eligible expenses for each child undertaking primary school, (that is, a refund of up to $375 per child, per year); and
  - a 50 per cent refundable tax offset every year for up to $1,500 of eligible expenses for each child undertaking secondary school (that is, a refund of up to $750 per child, per year).
- The Back to School Bonus will not affect eligibility for the ETR.