THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

HOUSE OF REPRESENTATIVES

HOUSEHOLD STIMULUS PACKAGE BILL 2009

EXPLANATORY MEMORANDUM

(Circulated by the authority of the
Minister for Families, Housing, Community Services and
Indigenous Affairs, the Hon Jenny Macklin MP)
OUTLINE

This bill will amend the social security law, the family assistance law, the Income Tax Assessment Act 1936, the Income Tax Assessment Act 1997, the Farm Household Support Act 1992 and the Veterans’ Entitlements Act 1986. Primarily, it will provide for household stimulus payments in the form of a single income family bonus, a back to school bonus, a training and learning bonus (including an education entry payment supplement), and a farmers hardship bonus. The bonus in each case is $950.

The bonuses are a further substantive step towards supporting the Australian community and economy during the current global financial crisis.

Training and learning bonus and farmers hardship bonus

The bill provides for a training and learning bonus and farmers hardship bonus of $950. Recipients of youth allowance, austudy payment, special benefit, sickness allowance, ABSTUDY payment and education allowance under the Veterans’ Children Education Scheme or the Military Rehabilitation and Compensation Act Education and Training Scheme may qualify for the training and learning bonus. There are also provisions to qualify certain individuals who receive family tax benefit Part A, who are not entitled to a back to school bonus, but have children aged between 21 and 24 who are full-time students, to receive the training and learning bonus. Additionally, people in receipt of certain financial assistance to farmers and farm-related small business will also be eligible for a farmers hardship bonus of $950.

Education entry payment

The bill will reduce the qualification period for the education entry payment from 12 months to four weeks of continuous receipt of income support payments, and will enable recipients of youth allowance (other) to access education entry payments. The bill also provides for an education entry payment supplement of $950 payable to people eligible for the education entry payment under the Social Security Act 1991 or the Veterans’ Entitlements Act 1986. These measures are taken to have commenced on 1 January 2009, and they will end on either 30 June 2010 or a date determined by the Minister.

Back to school bonus and single income family bonus

The bill will provide for two new lump sum payments for families.
A **back to school bonus** of $950 will be available for each FTB child in a family aged 4 to 18 who attracts family tax benefit (FTB) Part A for 3 February 2009. This bonus will also be available to people who receive disability support pension or carer payment for 3 February 2009 where the recipient is aged less than 19 on that date.

A **single income family bonus** of $950 will be available for a family that is entitled to FTB Part B for 3 February 2009, regardless of the age of the children.

If FTB for 3 February 2009 is shared between two people under the usual rules for that payment, the relevant new lump sum payment will be similarly shared.

**Administrative scheme for household stimulus payments**

The bill includes provisions to enable administrative schemes to be established. In broad terms, the purpose of each administrative scheme will be to provide payments in circumstances where the statutory regime of household stimulus package payments provided for in Schedules 1, 2, and 3 does not necessarily produce an appropriate result. The relevant Minister is able to determine the details of the scheme by legislative instrument.

**Other amendments**

The bill will amend certain Acts to provide further consequential amendments relating to the household stimulus package payments provided for in this bill. Notably, the amendments ensure that the payments will not count as income for social security, family assistance, farm household support and veterans’ entitlements purposes, and will be income tax-free. The amendments will also ensure that, where an individual is subject to income management, any household stimulus package payment they receive will be income managed at 100 per cent.

**Financial impact statement**

**Resourcing**

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<td>Farmers hardship bonus</td>
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<tr>
<td>Single income family bonus</td>
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NOTES ON CLAUSES

Clause 1 sets out how the Act is to be cited, that is, the Household Stimulus Package Act 2009.

Clause 2 provides a table that sets out the commencement dates of the various provisions in the Act.

Clause 3 provides that each Act that is specified in a Schedule is amended or repealed as set out in that Schedule.

This explanatory memorandum uses the following abbreviations:

- ‘1936 Tax Act’ means the Income Tax Assessment Act 1936;
- ‘Family Assistance Act’ means the A New Tax System (Family Assistance) Act 1999;
- ‘Family Assistance Administration Act’ means the A New Tax System (Family Assistance) (Administration) Act 1999;
- ‘Farm Household Support Act’ means the Farm Household Support Act 1992;
- ‘FTB’ means family tax benefit;
- ‘Social Security Act’ means the Social Security Act 1991;
- ‘Social Security Administration Act’ means the Social Security (Administration) Act 1999; and
Schedule 1 – Training and learning bonus and farmers hardship bonus

Summary

This Schedule provides for a training and learning bonus and farmers hardship bonus of $950. Recipients of youth allowance, Austudy payment, special benefit, sickness allowance, ABSTUDY payment and education allowance under the Veterans’ Children Education Scheme or the Military Rehabilitation and Compensation Act Education and Training Scheme may qualify for the training and learning bonus. Certain individuals who receive FTB Part A in relation to children aged 21 to 24 can also qualify for the training and learning bonus for each such child. Additionally, people in receipt of certain financial assistance to farmers and farm-related small business will also be eligible for a farmers hardship bonus of $950.

Background

The Government is providing, as part of its Household Stimulus Package, a one-off bonus payment to specified recipients of income support payments and FTB. This training and learning bonus is intended to assist with the costs associated with study or training.

The Government is also providing, as part of part of its Household Stimulus Package, a one-off bonus payment to recipients of certain income support and like payments under farm household assistance schemes administered by the Department of Agriculture, Fisheries and Forestry.

This Schedule commences on Royal Assent.

Explanation of the changes

Item 1 provides that the Military Rehabilitation and Compensation Act Education and Training Scheme (MRCAETS) means the scheme determined under section 258 of the Military Rehabilitation and Compensation Act 2004.

Item 2 provides that the Veterans’ Children Education Scheme (VCES) means the scheme determined under section 117 of the Veterans’ Entitlements Act 1986.
Training and learning bonus

Item 3 sets out qualification for the training and learning bonus in new Part 2.18. Under new subsection 910(2), a person is qualified for a training and learning bonus if the person was paid an instalment in respect of a period that included 3 February 2009 of youth allowance, austudy, special benefit, sickness allowance, a payment under the ABSTUDY Scheme that included an amount identified as living allowance, an education allowance for primary, secondary, tertiary and homeless students and double orphan students under the VCES, or an education allowance for primary, secondary, tertiary and homeless students under the MRCAETS.

However, a person receiving youth allowance is only qualified if, on 3 February 2009, the person was undertaking full-time study or was qualified for youth allowance as a new apprentice. A person receiving special benefit is only qualified for the training and learning bonus if, on 14 October 2008, the person was not of pension age. (People receiving special benefit who had reached pension age on 14 October 2008 received the economic security strategy payment under Part 2.17 of the Social Security Act. This measure will ensure that special beneficiaries who missed out on the economic security strategy payment because of their age on 14 October 2008 will receive the training and learning bonus.)

A person is qualified for the training and learning bonus if, on 3 February 2009, the person was entitled to FTB which included a Part A rate on 3 February 2009 that was greater than nil (worked out taking into account at least one FTB child who was aged 21 or more and less than 25) and the person would have been entitled to back to school bonus if that child had been aged four or more and less than 19 on 3 February 2009.

New subsection 910(5) acknowledges that there may be situations where a person qualifies for the training and learning bonus under more than one criterion outlined above. However, regardless of how many times a person qualifies, they can only receive the training and learning bonus once. Furthermore, an FTB child for whom another person is entitled to the back to school bonus, a person who is entitled to a back to school bonus, or a person who is entitled to a back to school bonus in their own right is not qualified for a training and learning bonus.

A person who qualifies for the training and learning bonus because they receive a payment identified in subsection 910(2) receives a training and learning bonus of $950. This recognises that the bonus for a person qualified under subsection 910(2) is to contribute to that person’s own education expenses.
A person who qualifies for the training and learning bonus because they have one or more qualifying FTB children, as determined by subsection 910(4), receives a training and learning bonus of $950 for each qualifying FTB child. This recognises that the bonus for a person qualified under subsection 910(4) is to contribute to the education expenses of each FTB child of that person aged 21 to 24.

If the person also qualifies for the training and learning bonus because they receive a payment identified in subsection 910(2), they receive a training and learning bonus equal to the sum $950 (to offset their personal education expenses) and $950 for each qualifying FTB child (to offset their children’s education expenses).

Subsection 911(2) provides that, where a person is only receiving a portion of FTB Part A, they will only receive the equivalent portion of the training and learning bonus.

**Farmers hardship bonus**

Proposed Division 2 of Part 2.18 of the Social Security Act will allow individuals in receipt of payment that is from an eligible payment type, to receive a one-off bonus payment under the farmers hardship bonus. Eligible payments under the farmers hardship bonus are the Exceptional Circumstances Relief Payment, Farm Help Income Support, Transitional Income Support and Interim Income Support payments.

These provisions are necessary to allow individuals in receipt of the Exceptional Circumstances Relief Payment, Farm Help Income Support, Transitional Income Support or Interim Income Support payments, access to the one-off farmers hardship bonus that is a component of this bill.

**Items 4 and 5** amend paragraph 1231(1AA)(b) to include the training and learning bonus and farmers hardship bonus so that the Secretary cannot make a determination to reduce the bonus to nil, unless the criteria in subsection 1231(1AA) are complied with.

**Amendments to the Social Security (Administration) Act 1999**

**Item 6** amends section 12AB to provide that a claim is not required for a training and learning bonus or a farmers hardship bonus.

**Items 7 and 8** amend section 47 to provide that a training and learning bonus and a farmers hardship bonus are lump sum benefits and, subject to new subsection 47C(3) and (4), are to be paid to the person who is qualified for them.

**Items 9 and 10** amend section 47C to include the training and learning bonus and the farmers hardship bonus in the section and to add new subsections 47C(2), (3) and (4).
Subsection (2) provides that the bonus is paid in a single lump sum on the date that the Secretary considers to be the earliest date on which it is reasonable practicable to do so and in the manner the Secretary considers is appropriate.

However, a person qualified for youth allowance, ABSTUDY living allowance, or education allowance under the VCES or MRCAETS will not always be the actual recipient of that allowance. The allowance may be paid to the person’s parent, guardian or, in some cases, to a boarding house or residential college where the person lives while studying. Subsections (3) and (4) allow the Secretary to pay the training and learning bonus that a person on youth allowance, ABSTUDY, VCES or MRCAETS is qualified for to that person’s parent or another appropriate person.

Under subsection (3), if an individual is qualified for the training and learning bonus because they receive youth allowance and the whole or part of the instalment of youth allowance for the period including 3 October 2009 is paid to a parent of the individual in accordance with section 45 of the Social Security Administration Act, the Secretary may pay the whole or same proportion of the bonus to the parent or to any other person.

Under subsection (4), if an individual is qualified for the training and learning bonus because they receive a payment under the ABSTUDY Scheme or an education allowance under the VCES or the MRCAETS, as identified in new paragraph 910(2)(f) or (g), and the whole or part of an instalment of the payment is paid to a person (‘recipient’) other than the individual, the Secretary may pay the whole or same proportion to the recipient or to any other person.
Schedule 2 – Education entry payment

Summary

This Schedule contains amendments to reduce the qualification period for the education entry payment from 12 months to four weeks of continuous receipt of income support payments. The reduced qualification period begins on 1 January 2009 and ends on either 30 June 2010 or a date determined by the Minister. The Schedule also provides for an education entry payment supplement of $950 payable to people eligible for the education entry payment under the Social Security Act or the Veterans’ Entitlements Act.

Background

Education entry payment is a payment made under Part 2.13A of the Social Security Act and Part VIIAA of the Veterans’ Entitlements Act to assist recipients of certain welfare payments with the up-front costs of education and training.

The Government has decided to expand the scope of the education entry payment and relax the ‘time on payment’ qualification criterion as part of the Household Stimulus Package of reforms, and to supplement the payment with an additional payment of $950 to align with the training and learning bonus under the proposed Division 1 of Part 2.18 of the Social Security Act.

The main amendments in this Schedule commence on 1 January 2009. However, Part 2 commences at the same time as item 65 of Schedule 2 to the Social Security Legislation Amendment (Employment Services Reform) Act 2009 commences (expected to be 1 July 2009). The amendments will have effect until 30 June 2010, or such later date as determined by the Minister by legislative instrument.

Explanation of the changes

Item 1 amends section 665U of the Social Security Act to reduce the qualification period for an education entry payment for a newstart allowance recipient from 12 months to four weeks. A new subsection 665U(3) will provide that, during the designated period, the qualification period is reduced to four weeks. Subsection (4) states that the designated period is the period beginning on 1 January 2009 and ending on 30 June 2010 or, where the Minister has made a legislative instrument specifying a later date, that later date.
**Items 2 to 7** provide that the qualification period, to receive an education entry payment, for a recipient of widow allowance, partner allowance, or parenting payment partnered, is reduced to four weeks. A new subsection (2) will be inserted in sections 665ZC, 665ZQ and 665ZU, which operates so that, during the designated period, subparagraph (b)(ii), requiring the recipient to be a long-term social security recipient, is omitted and replaced with a subparagraph providing that the recipient must have been receiving income support payments for a continuous period of at least four weeks. The recipient’s payment type may have changed over that period and the period may have occurred before 1 January 2009.

A replacement Note 1 provides that an **income support payment** is a social security benefit, a job search allowance, a social security pension, a youth training allowance, a service pension or an income support supplement.

Note 1A provides a reference to section 38B, which sets out the notional continuous period of receipt of income support payments.

In each case, a new subsection (3) will provide that the designated period is the period beginning on 1 January 2009 and ending on 30 June 2010 or, where the Minister has made a legislative instrument specifying a later date, that later date.

**Education entry payment for recipients of youth allowance (other)**

**Item 8** inserts a new Division 12A after Division 12 of Part 2.13A, to enable recipients of youth allowance (other) to receive an education entry payment (and hence an education entry supplement under the new Division 14 – see item 9).

Youth allowance (other) is youth allowance payable to a person who is not undertaking full-time study and who is not a new apprentice. Under this proposal, recipients of youth allowance (other) will be able either to undertake full-time study or to include short-term vocational-related courses in their activity agreements and then receive an education entry payment to contribute to the up-front cost of that study. If the person commences full-time study, they cease to be eligible for youth allowance (other) and will receive youth allowance (student) instead. People undertaking short-term courses under their activity agreements will be able to remain on youth allowance (other).

Subsection 665ZX(1) provides that a person is qualified for an education entry payment if either the Secretary is satisfied that the person intends to enrol in, or the person is enrolled in, a ‘qualifying course’. Immediately before commencing the course, the person must be receiving youth allowance, not undertaking full-time study and not be a new apprentice, and the person must have been continuously receiving an income support payment for at least four weeks. The person must also not have received, within the last 12 months, a payment under Part 2.13A.
The meaning of a qualifying course is set out in subsection (2). A qualifying course is: (a) an approved course for ABSTUDY purposes or an approved course of education or study (as defined); or (b) a course included in the person’s youth allowance activity agreement (or, from 1 July 2009, the person’s Employment Pathway Plan).

An education entry payment is $208. A person must make a claim for the education entry payment to be qualified for the payment. Division 12A ceases to have effect at the end of 30 June 2010 or, where the Minister determines a later date in a legislative instrument, that later date.

**Education entry payment supplement**

**Item 9** inserts a new Division 14 at the end of Part 2.13A to provide for the education entry payment supplement. If a person is qualified for an education entry payment under Part 2.13A or under Part VIIAA of the Veterans’ Entitlements Act, they are eligible for an education entry payment supplement.

The education entry supplement is $950.

If a person makes a claim for the education entry payment, then they are taken to have made a claim for an education entry payment supplement. For the purposes of the social security law, an education entry payment supplement payable to a person who is qualified for an education entry payment under the Social Security Act is taken to be part of the education entry payment payable to the person, except so far as any provision in the social security law expressly provides for or in relation to an education entry payment supplement. For example, the education entry payment supplement is specifically subject to the income management regime (see **item 20 of Schedule 5**), whereas the education entry payment itself is not; and special rules apply to the recovery of the education entry payment supplement (see **item 17 of Schedule 5**).

Division 14 ceases to have effect at the end of 30 June 2010 or, where the Minister determines a later date in a legislative instrument, that later date.

**Item 10** repeals subparagraph 665ZX(b)(ii) and replaces it with a new subparagraph to commence on 1 July 2009. The subparagraph provides that, as part of a person’s qualification for an education entry payment, the course is to be provided for by a term, whether the term is required to be complied with or not, of the person’s Youth Allowance Employment Pathway Plan. This amendment takes into account the proposed change from activity agreements to employment pathway plans under reforms to be put in place by the **Social Security and Other Legislation Amendment (Employment Services Reform) Bill 2008**, commencing on 1 July 2009.
Schedule 3 – Back to school bonus and single income family bonus

Summary

This Schedule will provide for two new lump sum payments for families.

A back to school bonus of $950 will be available for each FTB child in a family aged 4 to 18 who attracts FTB Part A for 3 February 2009. This bonus will also be available to people who receive disability support pension or carer payment for 3 February 2009 where the recipient is aged less than 19 on that date.

A single income family bonus of $950 will be available for a family that is entitled to FTB Part B for 3 February 2009, regardless of the age of the children.

If FTB for 3 February 2009 is shared between two people under the usual rules for that payment, the relevant new lump sum payment will be similarly shared.

Background

On 3 February 2009, the Government announced a further series of measures as part of its Household Stimulus Package to support sustained economic growth, including further financial assistance for families relating to training and education. This builds on the financial assistance delivered to families as part of the Government’s Economic Security Strategy in December 2008.

This assistance is to take the form of new lump sum payments. A back to school bonus of $950 will be available for each FTB child in a family aged four to 18 who attracts FTB Part A for 3 February 2009 and people who receive disability support pension or carer payment for 3 February 2009 who are aged less than 19 on that date. A single income family bonus of $950 will be available for a family who is entitled to FTB Part B for 3 February 2009, regardless of the age of the children.

These new lump sum payments would be paid to families who receive their FTB as fortnightly instalments and to recipients of disability support pension and carer payment in March 2009. The bonus payments will also be available to families and recipients who get arrears for 3 February 2009. For the small number of recipients who receive their FTB as a lump sum for a previous income year, the bonus payments would be paid after their actual income for the 2008-09 income year is known.

The new bonus payments to families would be exempt from tax and would not be taken as income for the purposes of the social security law or the Veterans’ Entitlements Act.
The back to school bonus and the single income family bonus would be provided for in the family assistance law.

The amendments made by this Schedule commence on the day of Royal Assent.

**Explanation of the changes**

**Amendments to the Family Assistance Act**

**Definitions**

**Items 1 and 2** insert new definitions into subsection 3(1) of the Family Assistance Act. **Item 1** defines *back to school bonus* to mean a payment to which an individual is entitled under new section 95 or new section 98. **Item 2** defines *single income family bonus* to mean a payment to which an individual is entitled under new section 101.

**Item 3** inserts new Part 7 into the Family Assistance Act, which sets out the new entitlement and payment amount rules applicable to the new back to school bonus and the single income family bonus.

In broad terms, new Division 1 of Part 7 sets out the situations in which an individual is entitled to a back to school bonus in respect of an eligible child (new Subdivision A) and the situations in which a recipient of disability support pension or carer payment is entitled to a back to school bonus (Subdivision B). New Division 2 of Part 7 sets out the situations in which an individual is entitled to a single income family bonus.

**Division 1 – Back to school bonus**

**Subdivision A – Entitlements in relation to eligible children**

*When is an individual entitled to a back to school bonus?*

An individual is entitled to a back to school bonus in the circumstances set out in new section 95.

Section 16 of the Family Assistance Administration Act enables the Secretary to make an entitlement determination on a claim for FTB by instalment where the claimant satisfies the relevant eligibility rules.

An individual who is entitled to payment of FTB under a section 16 determination that includes 3 February 2009 is also entitled to a back to school bonus if the individual’s rate of FTB for 3 February consisted of, or included, a Part A rate greater than nil worked out taking into account at least one FTB child who was aged four or more and less than 19 on 3 February (new subsection 95(2) refers).
Individuals who have an entitlement only to the rent assistance component of FTB Part A that is worked out using Part 3A of Schedule 1 to the Family Assistance Act because they have a regular care child only (a child for whom the individual has less than 35 per cent care) would not be entitled to a back to school bonus. The concept of ‘eligible child’ (in new section 96) would also operate to ensure that, where an individual has a mix of FTB and regular care children, only the FTB children aged 4 or more and less than 19 on 3 February 2009 can attract the back to school bonus. This is the position for each of the FTB categories covered under new subsections 95(2), (3) and (4).

Section 17 of the Family Assistance Administration Act enables the Secretary to make an entitlement determination on a claim for FTB for a past period where the claimant satisfies the relevant eligibility rules.

An individual who is entitled to FTB for a past period that includes 3 February 2009 under a section 17 determination is also entitled to a back to school bonus if the individual’s past period entitlement is based on a claim made in 2008-09 and the individual’s rate of FTB for 3 February consisted of, or included, a Part A rate greater than nil worked out taking into account at least one FTB child aged four or more and less than 19 on 3 February. If the individual’s past period entitlement is based on a claim made in 2009-10 or 2010-11, then there is the additional requirement that the individual satisfy the relevant FTB reconciliation conditions for 2008-09. Subsection 95(3) is the relevant new provision. Section 32B of the Family Assistance Administration Act sets out when an individual satisfies the relevant reconciliation conditions. This generally occurs when the Tax Office has assessed the taxable income of the individual or their partner, if they are required to lodge a tax return.

This means that, where an individual makes claims in the 2008-09 income year for both FTB by instalment (prospectively) and for a past period that falls in that income year and covers 3 February 2009, the individual would be entitled to a back to school bonus if their estimated income results in payment of FTB Part A for 3 February 2009. Recipients who choose to receive their FTB as a lump sum after the end of the relevant income year would be entitled to a back to school bonus at that time if their actual income results in payment of FTB Part A for 3 February 2009.

Section 18 deals with entitlement determinations on bereavement claims. A bereavement claim can be made where an eligible individual dies and another individual claims the unpaid FTB (including for 3 February 2009) or where an individual wants to be paid a single payment that includes 3 February 2009 because of the death of an FTB child.

An individual who is entitled to payment of FTB under a section 18 determination that includes 3 February 2009 is also entitled to a back to school bonus if the rate of FTB payable under the determination for 3 February consisted of, or included, a Part A rate greater than nil worked out taking into account at least one FTB child who was, or but for the child’s death would have been, aged four or more and less than 19 on 3 February (new subsection 95(4) refers).
In the case of bereavement claims, an individual will be able to access the back to school bonus based on an estimate of income for FTB Part A purposes if the actual income is not yet known.

In respect of which children is the back to school bonus payable?

Where an individual is entitled to the back to school bonus because of their entitlement to FTB Part A, each FTB child of the individual who is aged four or more and less than 19 and taken into account in determining the individual’s rate of FTB Part A in relation to 3 February 2009 would be an eligible child in relation to the entitled individual. The relevant rules are in new paragraphs 96(a), (b) and (c).

What is the amount of the bonus?

New section 97 sets out the rules for working out the amount of an entitled individual’s back to school bonus. Broadly, the amount of the back to school bonus for an entitled individual is worked out by adding together the amounts applicable for each eligible child of the individual (new subsection 97(1) refers).

New subsection 97(2) provides that the amount applicable for an eligible child is $950.

However, if the individual’s rate of FTB Part A in relation to 3 February 2009 in respect of an eligible child takes account of a shared care percentage (under section 59 of the Family Assistance Act), then the amount applicable to the individual for the eligible child is that percentage of $950. The relevant rule is in new subsection 97(3).

An individual has a shared care percentage for an FTB child under section 59 where there is a pattern of care in relation to the child and the individual has been determined under subsection 22(6A) as having at least 35 per cent care but not more than 65 per cent care. An individual who has more than 65 per cent care of an FTB child can potentially receive the full amount of FTB in respect of the FTB child (and therefore the back to school bonus of $950 in respect of the FTB child).

Similarly, the amount of the back to school bonus could also be affected by a specified percentage determination due to a blended family determination under section 28 of the Family Assistance Act (where there is an instalment or past period determination) or under section 29 (where there is a past period determination). The amount applicable to an individual for an eligible child in respect of whom there is such a percentage determination would be that percentage of $950. For example, if the individual is eligible for three FTB children aged four or more and less than 19 on 3 February 2009 and the specified percentage for each child under section 28 of the Family Assistance Act is 50 per cent, the individual is eligible for $1,425 (that is, $950 x 50 per cent x 3).
Where an individual has a shared care percentage under section 59 of the Family Assistance Act in relation to a particular FTB child and a section 28 or 29 specified percentage, both percentages would be taken into account in determining the amount of an individual's back to school bonus. For example, if an individual has 100 per cent care of two FTB children, 50 per cent care of one FTB child (due to section 59 of the Family Assistance Act), plus a specified percentage under section 28 of 50 per cent for the three children, the individual is eligible for $1,187.50 (that is, \(2 \times $950 \times 50\%\) plus \(1 \times $950 \times 50\% \times 50\%\)).

The relevant rules are set out in new subsections 97(4) and (5).

**Subdivision B – Other entitlements**

*When is an individual entitled to a back to school bonus?*

An individual is entitled to a back to school bonus under new section 98 if the individual was receiving carer payment or disability support pension in relation to 3 February 2009 and the individual was aged less than 19 on 3 February.

The concept of receiving is defined in subsection 3(1) of the Family Assistance Act by reference to provisions in the Social Security Act.

*What is the amount of the bonus?*

The amount of the back to school bonus to the individual entitled under section 99 is $950.

**Subdivision C – General rules**

The rules in new section 100 prevent duplicate payments of back to school bonus under new Subdivisions A and B of Division 1 of new Part 7.

New subsection 100(1) provides that, if an individual is paid a back to school bonus under Subdivision A for a particular eligible child, that eligible child cannot get the back to school bonus under Subdivision B.

New subsection 100(2) provides that, if an individual (recipient) is paid a back to school bonus under Subdivision B, then another individual cannot be paid a back to school bonus for the recipient under Subdivision A.

**Division 2 – Single income family bonus**

*Entitlement to single income family bonus*

New section 101 sets out the circumstances in which an individual is entitled to a single income family bonus.
Section 16 of the Family Assistance Administration Act enables the Secretary to make an entitlement determination on a claim for FTB by instalment where the claimant satisfies the relevant eligibility rules.

An individual who is entitled to payment of FTB under a section 16 determination that includes 3 February 2009 is also entitled to a single income family bonus if the individual's rate of FTB for 3 February consisted of, or included, a Part B rate greater than nil (new subsection 101(2) refers).

Section 17 of the Family Assistance Administration Act enables the Secretary to make an entitlement determination on a claim for FTB for a past period where the claimant satisfies the relevant eligibility rules.

An individual who is entitled to FTB for a past period that includes 3 February 2009 under a section 17 determination is also entitled to a single income family bonus if the individual's rate of FTB for 3 February consisted of, or included, a Part B rate greater than nil. If the individual's past period entitlement is based on a claim made in 2008-09 and the individual's rate of FTB for 3 February consisted of, or included, a Part B rate greater than nil. If the individual’s past period entitlement is based on a claim made in 2009-10 or 2010-11, then there is the additional requirement that the individual satisfy the relevant FTB reconciliation conditions for 2008-09. Subsection 101(3) is the relevant new provision. Section 32B of the Family Assistance Administration Act sets out when an individual satisfies the relevant reconciliation conditions. This generally occurs when the Tax Office has assessed the taxable income of the individual or their partner, if they are required to lodge a tax return.

This means that, where an individual makes claims in the 2008-09 income year for both FTB by instalment (prospectively) and for a past period that falls in that income year and covers 3 February 2009, the individual would be entitled to a single income family bonus if their estimated income results in payment of FTB Part B for 3 February 2009. Recipients who choose to receive their FTB as a lump sum after the end of the relevant income year would be entitled to a single income family bonus if their actual income results in payment of FTB Part B for 3 February 2009.

Section 18 deals with entitlement determinations on bereavement claims. A bereavement claim can be made where an eligible individual dies and another individual claims the unpaid FTB (including for 3 February 2009) or where an individual wants to be paid a single payment that includes 3 February 2009 because of the death of an FTB child.

An individual who is entitled to payment of FTB under a section 18 determination that includes 3 February 2009 is also entitled to a single income family bonus if the rate of FTB payable under the determination for 3 February consisted of, or included, a Part B rate greater than nil (new subsection 101(4) refers).

In the case of bereavement claims, an individual will be able to access the single income family bonus based on an estimate of income for FTB Part B purposes if the actual income is not yet known.
What is the amount of the payment?

As a general rule, the amount of the single income family bonus is $950 (new subsection 102(1) refers).

However, if the individual's rate of FTB Part B in relation to 3 February 2009 was worked out taking into account only one FTB child and there was a shared care percentage in relation to that child (under section 59 of the Family Assistance Act), then the amount of the single income family bonus for the entitled individual is that percentage of $950. The relevant rule is in new subsection 102(2).

Where the individual's rate of FTB Part B in relation to 3 February 2009 was worked out taking into account more than one FTB child and there was a shared care percentage in relation to each child (under section 59 of the Family Assistance Act), then the amount of the single income family bonus to the individual is the highest of those percentages of $950. The relevant rule is in new subsection 102(3).

It follows that if the individual's rate of FTB Part B in relation to 3 February 2009 was worked out taking into account more than one FTB child and there was no shared care percentage in relation to at least one of those children, then the amount of the single income family bonus to the entitled individual would be the full $950.

These rules are consistent with the way in which the amount of an individual's FTB Part B supplement is determined.

The amount of the back to school bonus could also be affected by a specified percentage determination due to a blended family determination under section 28 of the Family Assistance Act (where there is an instalment or past period determination) or under section 29 (where there is a past period determination). The effect is similar to that described above in relation to the back to school bonus. The relevant rules are provided for in new subsections 102(4) and (5).

For example, if the individual has three FTB children (with no shared care percentage for at least one of those children) on 3 February 2009 and the specified percentage for each child under section 28 of the Family Assistance Act is 50 per cent, the individual is eligible for a single income family bonus of $475 (that is $950 x 50 per cent). If an individual has a shared care percentage of 50 per cent for the individual's only FTB child (due to section 59 of the Family Assistance Act), plus a specified percentage under section 28 of 50 per cent for the child, the individual is eligible for $237.50 (that is, $950 x 50 per cent x 50 per cent).
Amendments to the Family Assistance Administration Act

Payment

Part 3 of the Family Assistance Administration Act provides the rules for payment of the various family assistance payments available under the family assistance law.

Item 4 inserts a new Division 4C and section 65H into Part 3 of the Family Assistance Administration Act. New section 65H outlines the payment arrangements for the new back to school bonus and the single income family bonus. Each bonus will be paid as a single lump sum on a date that is determined by the Secretary to be the earliest date on which it is reasonably practicable to make the payment and in an appropriate manner.

A note at the end of new section 65H indicates to the reader that a claim would not be required for the new payment.

Inalienability

Section 66 of the Family Assistance Administration Act lists the family assistance payments that are absolutely inalienable. Both the new back to school bonus and the single income family bonus are included in the list as new paragraph 66(1)(i) by item 5.

Debts

An amount paid by way of a back to school bonus or a single income family bonus will only be a debt to the extent that a provision in the Family Assistance Administration Act expressly provides for it. Item 6 makes an amendment to section 70 of the Family Assistance Administration Act to this effect.

Item 7 inserts new section 71K into the Family Assistance Administration Act. This new provision sets out when a back to school bonus and a single income family bonus is a debt. In broad terms, a debt would only arise where some or all of the payment was incorrectly paid because a relevant individual knowingly made a false or misleading statement or knowingly provided false information.

Where an individual is paid a back to school bonus or a single income family bonus because of entitlement to FTB or receipt of disability support pension or carer payment in relation to 3 February 2009 and the determination relating to that entitlement or payment (the relevant determination) is later changed with the effect that the individual was not entitled to the bonus, and a reason for the determination needing to be changed was that the recipient of the bonus knowingly made a false or misleading statement or knowingly provided false information, then the bonus paid would be a debt due to the Commonwealth by the recipient. The relevant rules are in new subsection 71K(3).
Similar rules, set out in new subsection 71K(4), would apply where an individual is paid in excess of the amount of their entitlement to a back to school bonus or a single income family bonus because of a subsequent change to the relevant determination, except that the amount of the debt would be the difference between the amount of bonus paid and the amount that should have been paid.

The relevant determinations are listed in new subsection 71K(2).

Section 74 of the Family Assistance Administration Act applies where an amount of family assistance is paid by cheque, a person who is not the payee obtains the cheque, the cheque is not endorsed by the payee to the person and the person obtains the benefit of the cheque. In these circumstances, the amount of the cheque is a debt owed by the person. This provision is amended by item 8 so that it also applies where a back to school bonus or a single income family bonus is paid by cheque.

Section 82 of the Family Assistance Administration Act lists the methods by which a debt can be recovered. Item 9 amends the definition of debt in subsection 82(3) so that it also refers to new section 71K (where payment of a back to school bonus or a single income family bonus is a debt).

Item 10 inserts a reference to a payment of back to school bonus or single income family bonus at the end of the definition of family assistance payment in subsection 93A(6) of the Family Assistance Administration Act. This would enable the bonuses paid to a financial institution to the credit of an account with that institution to be recovered from the institution in certain circumstances (for example, where the back to school bonus or a single income family bonus is paid into an incorrect account).

Review and appeals

Where the Secretary reviews certain decisions, there is a requirement for the Secretary to give notice of the review decision to the person or people whose entitlement or possible entitlement to family assistance, the 2004 one-off payment to families or the economic security strategy payment to families is affected by the review decision (subsection 106(3) of the Family Assistance Administration Act refers).

Item 11 amends subsection 106(3) so that the same rule also applies in relation to review decisions relating to the back to school bonus and the single income family bonus.
As a general rule, an application for review of a decision must be made no later than 52 weeks after the applicant has been notified of the decision. There are exceptions to this general rule (for example, where the Commissioner of Taxation reviews and changes a person’s taxable income). **Items 12 and 13** amend subsection 109D(4) and paragraph 109D(5)(a) of the Family Assistance Administration Act respectively to ensure that the exceptions should apply also to applications for review of decisions relating to the payment of the back to school bonus and the single income family bonus as relevant.

**Nominees**

**Item 14** inserts a reference to the back to school bonus and the single income family bonus at the end of the definition of *relevant benefit* in section 219TA of the Family Assistance Administration Act. This would enable the Secretary to appoint a payment nominee who would be paid the bonus on behalf of the entitled individual.
Schedule 4 – Administrative scheme for household stimulus payments

Summary

This Schedule contains provisions to enable administrative schemes to be established. In broad terms, the purpose of each administrative scheme will be to provide payments in circumstances where the statutory regime of household stimulus package payments provided for in Schedules 1, 2, and 3 does not necessarily produce an appropriate result in relation to circumstances that occur in the 2008-09 income year. The relevant Minister is able to determine the details of the scheme by legislative instrument.

Background

Administrative payment schemes are common features of Acts providing for lump-sum and one-off welfare-related payments. Their purpose is to enable payments that are similar in purpose to those provided for in the Act to people who have missed out on the Act payments due to unforeseen circumstances or unintentional limits in the operation of the Act.

This Schedule enables an administrative scheme to be established alongside the statutory regime providing for household stimulus package payments.

The amendments made by this Schedule commence on Royal Assent.

Explanation of the changes

Item 1 provides for the establishment of an administrative scheme by a relevant Minister administering the Family Assistance Act, the Social Security Act, the Farm Household Support Act or the Veterans’ Entitlements Act, under which household stimulus payments can be made to people who would not otherwise qualify for such a payment in specified circumstances. The purpose of the scheme is to provide payments in circumstances where the statutory regime of household stimulus package payments does not necessarily produce an appropriate result in relation to circumstances that occur in the 2008-09 income year.

The details of the administrative scheme (including such matters as qualification, amount of the payment and administrative matters) would be set out in a legislative instrument, which would be subject to the ordinary Parliamentary scrutiny and disallowance processes for such instruments.

Payments under the administrative scheme would be made out of the Consolidated Revenue Fund, and the bill provides a standing appropriation (in accordance with subitem 1(5)).
The administrative scheme provisions in this bill are substantially the same as those used for ‘one-off payments’ in previous years and the economic security strategy payments, including the legislative instrument basis, and the appropriation arrangements, for the scheme.

A scheme would be made only to cover unusual situations that come within the spirit of the household stimulus package payment measures but are not strictly covered by the primary legislation. It would be impractical to include such situations in primary legislation. For example, the administrative scheme may be used to make the training and learning bonus available to recipients of FTB Part A with dependent children aged 19 and 20, for whom there are no study details available. In these cases, recipients would need to provide evidence that the dependent child is undertaking qualifying full-time study in order to qualify for the bonus before payment eligibility could be determined.

The special (standing) appropriation mechanism is appropriate to fund any such payments, consistent with the appropriation mechanism for household stimulus package payments under the primary legislation and for payments generally under the social security law, the family assistance law and the Veterans’ Entitlements Act.
Schedule 5 – Other amendments

Summary

This Schedule will amend certain Acts to provide further consequential amendments relating to the household stimulus package payments provided for in this bill. Notably, the amendments ensure that the payments will not count as income for social security, family assistance and farm household assistance purposes, and will be income tax-free. The amendments will also ensure that, where an individual is subject to income management, any household stimulus package payment they receive will be income managed at 100 per cent.

Background

In the past, one-off lump-sum welfare-related payments have typically been income tax-exempt and not treated as income for the purposes of income tests in welfare-related legislation (such as the Social Security Act, Family Assistance Act and Veterans’ Entitlements Act). In addition, recovery of those payments from recipients has been limited to circumstances where the payments have been obtained fraudulently. The household stimulus payments under this bill will be treated in a similar fashion.

Accordingly, amendments to income tax and other Acts are necessary.

The amendments made by this Schedule commence on Royal Assent.

Explanation of the changes

Amendments to the Farm Household Support Act

The Farm Household Support Act regulates the provision of income support and advice to farmers and certain small business operators who are dependent on income from agriculture or farmers. Centrelink administers the Farm Household Support Act and, where applicable, its operation mirrors the provisions of the Social Security Act and the Social Security Administration Act. The amendments provide for the payment of benefits in a manner similar to other welfare support payments delivered under the Social Security Act.

Items 1, 2 and 3 amend sections 24A, 24AA and 24B of the Farm Household Support Act to clarify that the calculation of rates of exceptional circumstances relief payment and farm help income support under those sections must disregard the farmers hardship bonus payable under the proposed Division 2 of Part 2.18 of the Social Security Act.
These amendments are necessary to ensure that the one-off bonus payment does not affect the rate of income support payment for individuals in receipt of the Exceptional Circumstances Relief Payment or Farm Help Income Support, Transitional Income Support or Interim Income Support payments. As guidelines for Transitional Income Support and Interim Income Support are based on the Farm Household Support Act, these legislative amendments will also amend the calculations used to determine the rate at which these payments are made.

**Amendments to the 1936 Tax Act**

A taxpayer’s dependants’ separate net income (SNI) is used to determine the taxpayer’s eligibility to certain dependant offsets. SNI is income and other specified amounts earned, derived or received, less certain expenses incurred in earning that income. Payments such as carer allowance, child care benefit and FTB are not included as part of SNI. It is not intended that the household stimulus package payments (or any payment under an administrative scheme determined under Schedule 4 to the bill) form part of SNI.

**Item 4** amends paragraph (ac) of the definition of *separate net income* in subsection 159J(6) of the 1936 Tax Act to exclude the back to school bonus and single income family bonus.

**Item 5** inserts paragraphs (adai), (adaj) and (adak) into subsection 159J(6) to amend the definition of separate net income to exclude the training and learning bonus and the farmers hardship bonus paid under the Social Security Act, the education entry payment supplement paid under the Social Security Act or a payment made under an administrative scheme set out in Schedule 4 to this bill from the concept of SNI.

**Amendments to the 1997 Tax Act**

**Items 6 to 10** make consequential amendments to the table in section 11-15 of the 1997 Tax Act, inserting references to the various household stimulus payments payable under this bill.

The effect of **items 11 and 12** is to make the training and learning bonus, farmers hardship bonus and education entry payment supplement exempt from income tax under section 52-10 of the 1997 Tax Act.

**Item 13** amends subsection 52-150(1) to make the back to school bonus and the single income family bonus exempt from income tax.

**Item 14** inserts a new section 52-165 into Subdivision 52-H, which provides that payments made under an administrative scheme, as set out in Schedule 4 to this bill, are exempt from income tax.
Amendments to the Social Security Act

The back to school bonus and single income family bonus payments will not be counted as income for social security purposes. Subsection 8(8) of the Social Security Act lists payments that are not income for social security purposes. Item 15 adds a reference to the back to school bonus and single income family bonus into paragraph 8(8)(jaa).

Item 16 inserts new paragraph (yj) into subsection 8(8) of the Social Security Act, to provide that a payment made under an administrative scheme determined under Schedule 4 to the bill is not to be treated as income for the purposes of the social security law.

Item 17 inserts new section 1223ABAAB into Part 5.2 of the Social Security Act. This new provision sets out when a training and learning bonus, a farmers hardship bonus and an education entry payment supplement made to an individual is a debt. In broad terms, a debt would only arise where the payment was incorrectly paid because a relevant individual knowingly made a false or misleading statement or knowingly provided false or misleading information.

Under proposed subsections (1) and (2), an individual will owe the Commonwealth a debt of an amount equal to the training and learning bonus, farmers hardship bonus or education entry payment supplement paid to them if:

- a determination has been made that the individual is entitled to the payment or allowance that qualifies the individual for the bonus or supplement; and
- the determination is changed, revoked, set aside or superseded; and
- the reason, or one of the reasons, the determination was changed, etc, was that the individual knowingly made a false or misleading statement or knowingly provided false or misleading information; and
- had the determination been changed, etc, before 3 February 2009, the individual would not have been paid the bonus or supplement.

Under proposed subsection (3), a person will owe the Commonwealth a debt of an amount equal to the training and learning bonus paid to them if:

- the Secretary has made payment to the person under subsection 47C(3) or (4) of the Administration Act (relating to payment of the bonus to parents or others); and
- the reason, or one of the reasons why the Secretary paid the bonus to that person was that the person made a statement or provided information; and
the Secretary becomes satisfied that the statement or information was false or misleading and had been provided by the person knowing that it was false or misleading; and

the Secretary is satisfied the payment should have been paid to another person.

Apart from section 1224AA (relating to fraudulent cashing of social security cheques), the other provisions in the social security law relating to creation of social security debts do not apply to the training and learning bonus, farmers hardship bonus or education entry payment supplement (proposed subsection (4)) That is, debts in relation to those stimulus payments cannot arise other than under this section (and section 1224AA).

Amendments to the Social Security Administration Act

The amendments made to the Social Security Administration Act by items 18, 19 and 20 of this Schedule provide for deductions to be made from household stimulus payments, in certain circumstances, for the purposes of the income management regime established under Part 3B of the Social Security Administration Act.

Item 18 inserts a newly defined term, household stimulus payment, into section 123TC of the Social Security Administration Act. The definition refers to each of the payments provided for by the amendments contained in Schedules 1, 2, 3 and 4 to this bill (other than education entry payment payable to youth allowance (other) recipients under proposed Division 12A of Part 2.13A of the Social Security Act).

Item 19 omits the current heading to Subdivision DB of Division 5 of Part 3B of the Social Security Administration Act, and inserts a new heading to the Subdivision. Subdivision DB currently contains provisions relating to economic security strategy payments introduced by the Government in 2008, and its title reflects this. Provisions relating to the new household stimulus payments are inserted into Subdivision DB by item 20 of this Schedule. As a consequence, item 19 alters the heading to Subdivision DB so that it refers to economic security strategy payments and household stimulus payments.

Item 20 inserts new section 123XPD in Subdivision DB of Division 5 of Part 3B of the Social Security Administration Act. New section 123XPD provides for the deduction of amounts from a person’s household stimulus payment if the person is subject to the income management regime.
New subsection 123XPD(3) provides that, if section 123XPD applies, the Secretary must deduct 100 per cent of the net amount of a person's household stimulus payment and credit the person's income management account and the Income Management Special Account accordingly. (The terms income management account, net amount and Special Account are defined in section 123TC of the Social Security Administration Act.) The treatment of household stimulus payments under subsection 123XPD(3) is consistent with the existing treatment of other lump sum payments under Part 3B of the Social Security Administration Act.

New subsection 123XPD(1) provides that section 123XPD applies if a person is subject to the income management regime and a household stimulus payment is payable to the person.

The phrase subject to the income management regime is defined in section 123TC of the Social Security Administration Act. A person can be subject to the income management regime because of the operation of any of the following sections contained in Part 3B of the Social Security Administration Act: section 123UB (the Northern Territory scheme of income management); section 123UC (the child protection scheme of income management); section 123UD or 123UE (school enrolment and attendance requirements, which have not, at this time, been implemented); section 123UF (the Cape York Welfare Reform trials); section 123UFA (voluntary income management agreements).

**Amendments to the Veterans’ Entitlements Act**

**Items 21 and 22** amend subsection 5H(8) of the Veterans’ Entitlements Act to provide that the back to school bonus and the single income family bonus payable under Family Assistance Act, and payments under the administrative scheme established under Schedule 4 to this bill are not income for the purposes of the Veterans’ Entitlements Act. (All payments under the Social Security Act are not income under the Veterans' Entitlements Act, so there is no need to specify separately the training and learning bonus, the farmers hardship bonus and the education entry payment supplement in subsection 5H(8).)