

9 February 2009

Senate Standing Committee on
Finance and Public Administration

Inquiry into the Nation Building and Jobs Plan

RE: Eligibility for Tax Bonus

To whom it may concern,

I'm a second-year student of political science at the Australian National University. I work in the service industry to support myself through university as I live away from home. Unfortunately, although I support myself financially, I am not eligible for the government's Youth Allowance as Centrelink does not consider me independent, and my parents are over the income threshold. While I find this a nuisance, I understand that there are good reasons that this restriction exist. This is why, after 12 months of working to support myself while studying full-time without any government assistance, I was disappointed to learn that I do not qualify for the government's \$950 cash bonus.

As the bill stands a worker is not eligible for the payment if their tax liability in the 07-08 financial year, after offsets, was nil (under section 5 of Tax Bonus for Working Australians Bill 2009). I earned approximately \$10,000 last year, \$4,000 over the tax-free threshold. Due to the low-income tax offset my tax liability was nil. Yet had I earned an extra \$1,015 I would have paid the tax office \$1, and I would have been eligible for the government's \$950 payment. Had I been collecting Youth Allowance, I would also have been eligible. Since I fall into neither category I am part of a handful of young workers who are neglected by the government's package.

My position as a low-income earner is exemplary of many other students and young workers who will not be eligible to receive the government's \$950 payment. I believe that such workers are just as deserving of the payment as those earning a few thousand dollars more than they are. They are certainly more deserving than those with incomes close to \$80,000. I believe that government's criteria for eligibility of the payment, which effectively includes workers of income \$11,015 - \$100,000, should include workers earning less than \$11,015 if it is to be considered a fair and reasonable package.

This issue does not only concern fairness. Such workers are most likely in financial situations which would cause them to spend their \$950 on necessities such as rent, as well as general consumer goods, due to their low-income situations. This would satisfy the government's dual aims for the package - providing financial assistance to workers and stimulating domestic spending.

I appreciate the committee's consideration of my submission.

Sincerely yours,

Paul Boulus