

13th August 2025

The Hon Dr Jim Chalmers MP
Treasurer
Parliament House
Canberra ACT 2600

Dear Dr Chalmers,

Re: Work Bonus Threshold Review - Follow-up to Previous Correspondence

I have previously raised the issue of Centrelink reporting inflated taxable income to the ATO for a Working member of a couple on the Aged Pension,

16 th July 2024	Correspondence to Dr Jim Chalmers
8 th August 2024	Response received from Mr Doug Watkins
8 th August 2024	Correspondence to My Doug Watkins via Ministerial Correspondence
No Response	
16 th June 2025	Email to local member Mary Doyle MP specifically regarding inflated taxable income
22 nd July 2025	Response from Mary Doyle MP's office <i>As the Treasury is responsible for administering the ITA Act, you may wish to contact them with any further questions on this matter.</i>

This is part of a campaign to increase the Work Bonus Threshold to at least \$500 per fortnight, index the Work Bonus Threshold and rectify the taxation anomalies as stated in petition EN6227

Background

The petition called for review of the work bonus system, indexing of the work bonus threshold, and an immediate increase to at least \$500 per fortnight. Our analysis indicates this reform could potentially:

- Reduce welfare costs to government
- Increase PAYG tax collections
- Generate additional GST revenue
- Deliver a combined benefit to government of approximately \$200 million

Detailed supporting information is available at www.workingpensioners.com.au.

Specific Requests

I respectfully request your consideration of the following policy reforms:

1. Increase the Work Bonus Threshold to at least \$500 per fortnight

- If this could restore pre-COVID workforce participation rates among pensioners it could generate net savings through reduced welfare payments and increased tax revenue

2. Index the Work Bonus Threshold

- The current threshold has remained unchanged since July 2019
- Without indexation, the real value of the work bonus continues to erode
- Previous government responses have referenced the Income Free Area, which does not address the core issue of work incentives for pensioners. This logic is like offering a 4% pay rise applicable to half your wage.

3. Rectify Centrelink Income Reporting Anomaly

- For couples where one partner works, both pensions are reduced by 25 cents per dollar for income over \$300 per fortnight
- The amount deducted from the non-working partner's pension remains attributed to the working partner's taxable income
- This creates a situation where tax is paid on income the couple has not actually received

Request for Substantive Response

I would appreciate a considered response that addresses the policy merits of these proposals rather than reiterating current arrangements. To date, I have not received any substantive arguments against these reforms that address their potential fiscal and social benefits.

I remain available to discuss this matter at your convenience and can be reached on 0407 047 797. Additional information and analysis is available at www.workingpensioners.com.au.

Thank you for your time and consideration of this important matter affecting Australia's working pensioners.

Yours sincerely,

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