



**PRIME MINISTER
TREASURER AND DEPUTY PRIME
MINISTER
MINISTER FOR FAMILIES,
HOUSING, COMMUNITY SERVICES
AND INDIGENOUS AFFAIRS
MINISTER FOR CLIMATE CHANGE
AND ENERGY EFFICIENCY**

ASSISTANCE FOR NINE OUT OF TEN AUSTRALIAN HOUSEHOLDS

More than half of the revenue raised by putting a price on carbon pollution will go to households to help meet price impacts. This means Australians can do their bit for climate change and look after their household budgets.

Australian households will receive assistance through:

- Increases in pensions, allowances and family payments; and
- Personal income tax cuts.

Nine out of ten households will receive assistance through tax cuts, extra payments or both. For two out of three households, this assistance will be enough to cover their entire average price impact.

Over four million households will receive assistance that exceeds their expected average price impact, leaving their household budget better off.

Almost six million households will receive assistance that covers all of their average price impact, and around eight million households will get some assistance.

The assistance will be permanent and will rise over time through indexation. The Government will review the adequacy of assistance each year and will increase it further if necessary.

On average, households will see cost increases of \$9.90 a week, while the average assistance will be \$10.10 a week. Households won't pay the carbon price on the price of fuel as the Government recognises filling up the petrol tank is a major expense for many family budgets.

Households that improve their energy efficiency can help the environment and save money. They can do this by cutting power use and buying less carbon-intensive products, which will become relatively cheaper under a carbon price. Households that make savings in their budget in this way will still collect their full entitlement of carbon price assistance.

The tax reforms being introduced as part of the package will increase the tax-free threshold from \$6,000 today to \$18,200 from 1 July 2012, and to \$19,400 from 1 July 2015. This will mean that over a million Australians will no longer need to lodge a tax return.

Increases to family payments, pensions and allowances

A new Clean Energy Supplement will be paid, equal to a 1.7 per cent increase in pensions, allowances and family payments.

The assistance will mean:

- Up to \$338 extra per year for single pensioners and self-funded retirees, and up to \$510 per year for pensioner couples combined.
- Up to \$110 per child for a family that receives Family Tax Benefit Part A.
- Up to \$69 extra for families that receive Family Tax Benefit Part B.
- Up to \$218 extra per year for single income support recipients and \$390 per year for couples combined for people on allowances.
- Up to \$234 per year for single parents in addition to the increased family payments they receive.

Households will receive these extra payments initially in the form of a lump sum advance payment in May-June 2012 in order to make sure Australians have extra money in their pockets to help adjust to the carbon price.

For pensioners and most allowees, this advance payment will be equivalent to nine months – or in other words, about three quarters – of the extra annual payment.

For families, this advance payment will be equivalent to a full year of the extra payment.

Payments of the Clean Energy Supplement will be paid on a fortnightly basis from March 2013 for pensions and most allowances, July 2013 for family payments and January 2014 for students on Youth Allowance.

Some low-income households – such as retirees under pension age who are not paying any tax on their superannuation income – might not receive enough assistance through tax cuts or Government payments to offset their average expected cost impact under a carbon price. These households will be able to claim the new \$300 annual Low Income Supplement to ensure they receive assistance as they adjust to changes in their costs of living after the carbon price is introduced.

A special Single Income Family Supplement of up to \$300 will assist single income families with income between \$68,000 and \$150,000, recognising that, unlike dual income families, these single income families only get one tax cut.

Tax cuts

From day one of the carbon price on 1 July 2012, every taxpayer with income below \$80,000 will receive a tax cut, with most getting at least \$300 a year.

These tax cuts will be permanent, and they will increase. On 1 July 2015, a second round of tax cuts will apply, increasing the saving to at least \$380 a year for most taxpayers earning under \$80,000 compared to now.

The combined changes mean headline tax rates will better match the effective rate that a lot of taxpayers are actually paying at the moment. All taxpayers under \$80,000 will pay less tax.

No Australian will pay more tax as a result of these changes.

As well as providing help to Australian households for cost of living pressures, this is major reform that will simplify our tax system.

**CANBERRA
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