



Household Assistance – Families

9 out of 10 families with children will be provided with assistance to help meet the expected average impact of a carbon price on their cost of living.

Assistance for families

All low-income families are eligible for assistance that covers the expected average impact of carbon pricing on their cost of living. Many will be better off, receiving a 'buffer' of assistance to ensure they can meet their costs.

All middle-income families are also eligible for assistance that will help them to meet the expected impacts of carbon pricing on their living expenses.

Depending on the family's income, the package of assistance will be a combination of reductions in their income tax and/or increases in any benefits they may receive, such as Family Tax Benefit (FTB), pensions or allowances. This package of assistance will appropriately account for different household types and sizes.

Assistance through Family Tax Benefit

Families receiving Family Tax Benefit Part A will receive an increase in their payment equivalent to 1.7 per cent of the annual rate of payment. Both the maximum rate and the base rate of Family Tax Benefit Part A will be increased by 1.7 per cent. This is worth up to \$110 per child per year.

All families receiving Family Tax Benefit Part B will get an increase to their payment equivalent to 1.7 per cent of the maximum rate. This is worth up to \$69 per family per year.

This assistance will first be delivered to pensioners, allowees, Family Tax Benefit and other eligible payment recipients through a one-off, tax-exempt, lump sum Clean Energy Advance from May-June 2012.

After this the increases will be delivered as a separate Clean Energy Supplement, which will be paid as part of families' regular payment cycles.

Assistance through income support

Other income support payments that parents may receive such as Parenting Payment or Newstart Allowance will also be increased by an amount equivalent to 1.7 per cent of the maximum rate. For Parenting Payment Single this amounts to an increase of up to \$289.

This assistance will first be delivered to pensioners, allowees, Family Tax Benefit and other eligible recipients through a one-off, tax-exempt, lump sum Clean Energy Advance in May or June 2012. After that, assistance will be paid through a new Clean Energy Supplement at the same time as payments.

People in low-income family households who do not receive sufficient assistance as an increase to their payment or through the tax system will also be able to claim a new Low Income Supplement of \$300. The supplement will be claimed through Centrelink.

Further assistance will be made available to middle-income family households with one primary earner to account for the fact they will only benefit from one earner's tax cuts. These families will receive assistance as an increase to their payment through the Single Income Family Supplement of \$300. Families not receiving FTB will be able to claim the supplement through Centrelink.

Assistance will also be available for pensioners, self-funded retirees, students, jobseekers, and carers. Further information about assistance to these families is detailed in the relevant fact sheet.

Assistance through the personal tax system

The Government will assist households through tax cuts from 1 July 2012. All taxpayers with incomes up to \$80,000 will get a tax cut, with most getting a cut of at least \$300.

These tax cuts will be delivered by a more than threefold increase in the statutory tax free threshold from \$6,000 to \$18,200, and an associated reduction in the Low Income Tax Offset (LITO) to \$445. This increase in the tax free threshold will mean up to one million Australians will be freed from having to lodge a tax return.

Regular wage earners with incomes below the new tax free threshold will not have any tax withheld from their wages by employers, which will increase the incentives to work. This will particularly benefit part-time workers.

Further tax cuts will be delivered in 2015 by increasing the tax free threshold to \$19,400. This will mean people with incomes below \$80,000 will get further tax cuts, with most receiving at least \$385 per year from the two tax cuts combined, and a further 100,000 Australians will be freed from having to lodge a tax return.

For more information, see the fact sheet on reforms to the personal tax system.

Further Information

For further information, go to the Clean Energy Future website at www.cleanenergyfuture.gov.au or call 1800 057 590.