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## **Media release**

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### **Why a carbon tax is good for the hip pocket**

Australian families could be more than \$2,100 better off if the government introduced a carbon tax, according to a new proposal by The Australia Institute.

Under the proposal, the \$13 billion raised annually through a carbon tax could be returned as a 'carbon dividend' payment to families to help offset any increases in the price of electricity or gas.

The Institute's paper, *Why a carbon tax is good for the hip pocket*, provides a range of other costed alternatives for how the proceeds of a pollution tax could be used, such as to: reduce company tax; reduce the GST rate; reduce income tax and increase funding for green initiatives.

"The introduction of a carbon tax should not be seen as taking \$13 billion out of the economy but as a redistribution from polluters to people or problems that deserve it more," said Executive Director Dr Richard Denniss.

"Rather than being all doom and gloom about increasing the cost of living, putting a price on carbon of \$25 per tonne could actually be a good thing for households if the compensation package is well designed."

The 'family carbon dividend payment' would pay to each household \$700 per year per person or, for families, \$1,400 for two people plus another \$350 for each additional family member. For example:

- A single parent with one child would receive \$1400 or approximately \$27 per week
- A family of four, two adults and two children, would receive \$2100 per annum or just over \$40 per week.

Given that the impact on electricity and other prices of a \$25 carbon tax is estimated to be only \$18.50 per week (\$962 per year) a family of four who spend the national average on energy would be more than \$1,100 better off each year.

"Providing a carbon dividend of \$2,100 every year to a family of four is far from trivial. It is roughly equivalent to a first home buyers' monthly loan repayment, how much the average Australian family spends on petrol each year, or a five night holiday package to the Gold Coast for a family of four," concluded Dr Denniss.

*A copy of the report can be found under 'Publications' at [www.tai.org.au](http://www.tai.org.au)*

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